RYKADAN CAPITAL LIMITED
宏基資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 2288)

Annual Report
2017

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

NG Tak Kwan

Independent Non-executive Directors

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

AUDIT COMMITTEE

HO Kwok Wah, George *(Chairman)*
TO King Yan, Adam
WONG Hoi Ki

REMUNERATION COMMITTEE

HO Kwok Wah, George *(Chairman)*
TO King Yan, Adam
WONG Hoi Ki

NOMINATION COMMITTEE

CHAN William *(Chairman)*
HO Kwok Wah, George
WONG Hoi Ki

COMPANY SECRETARY

YEUNG Man Yan, Megan

AUDITOR

KPMG

LEGAL ADVISORS

Woo, Kwan, Lee & Lo
北京德恒（福州）律師事務所

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
The Macau Chinese 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

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road
P.O. Box 1586, Grand Cayman, KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

2288

COMPANY'S WEBSITE

www.rykadan.com

INVESTOR RELATIONS CONTACT

Think Alliance Group
Level 9, Central Building
1-3 Pedder Street, Central
Hong Kong

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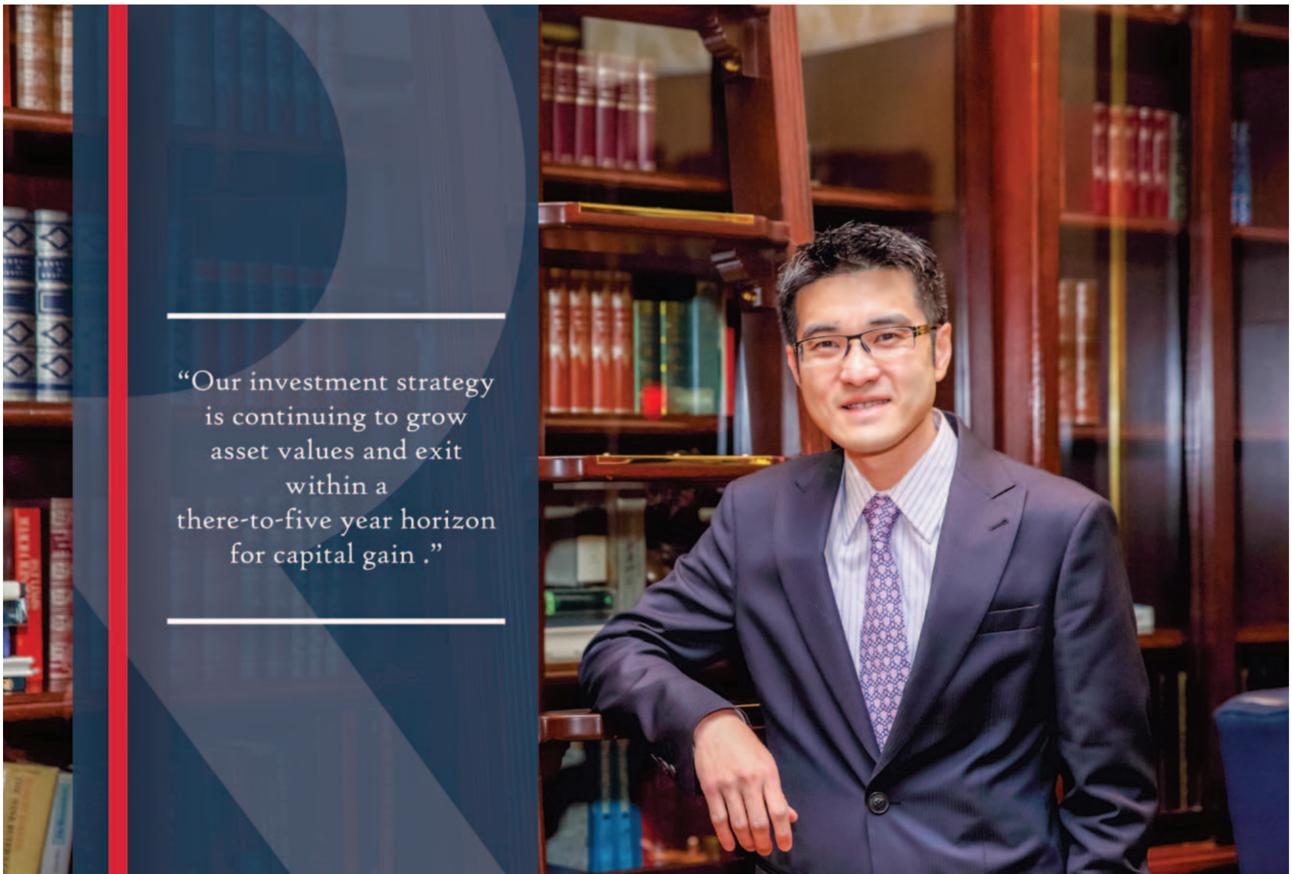

William Chan, Chairman and Chief Executive Officer

Dear shareholders,

I am delighted to present you with the annual report for Rykadan Capital Limited ("Rykadan Capital" or the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2017.

We are excited to report significant revenue recognition for this financial year stemming from the successful sale of The Paseo, our second property development project and our first residential development project. This great result further adds to our track record of successful property investments and for providing good returns to our shareholders.

I am also happy to report more success in growing our investment portfolio with the addition of new property development projects in the United States, as well as the acquisition (via a joint-venture) of Quarella, a world-leading producer of quartz and marble based engineered stone composite surfaces products, based in Italy.

Combined with our existing property development and investment projects in Hong Kong, the United States, the United Kingdom and other markets, this gradually expanding portfolio will enable us to diversify our revenue sources, while still adhering to our strategy of growing asset values and exiting within a three-to-five year horizon.

Strategically expanding our investment footprint will remain one of our main priorities going forward. We will continue to favour locations that promise decent value growth and returns, particularly resilient markets such as the United States. Achieving this will not be without its challenges, as even developed markets can be upended by unexpected political events such as Brexit. The key remains to find the right projects in the right markets and I am confident that our experienced management team will continue to uncover opportunities that will deliver good upside and value to our shareholders.

Further adding to our track record and experience will also continue to lay the foundation for expanding Rykadan Capital into an investment management company that can also match investors with quality investment funds concentrated primarily on the real estate sector.

In addition to expanding our investments, our other main priority in the coming years will be to move forward our current projects and investments, particularly our two industrial redevelopment projects in West Kowloon. We will soon launch pre-sales for the second of these projects located in the rapidly renewing Tai Kok Tsui district, following on from the successful pre-sale for the first of these projects in Lai Chi Lok during the year under review. We are quite confident of a strong uptake as scarcity and demand continues to fuel transactions in Hong Kong's industrial real estate sector.

The prospects for many of our other investments remain promising, including our newly acquired investment in Quarella, which is well positioned to benefit from the PRC's growing middle class, who are willing to pay a premium for high-quality products, as well as from the possibilities offered by new markets in South-East Asia and elsewhere as they are opened up by the government's Belt and Road Initiative.

We look forward to growing the value of these investments and progressively monetising them into shareholder returns over the coming years.

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

William Chan
Chairman and Chief Executive Officer

Hong Kong, 14 June 2017

Overview

The Group achieved another significant milestone in its property development business after successfully monetising its first residential real estate project – The Paseo – during the year under review. It also brought its industrial property development projects in Hong Kong closer to fruition with the successful pre-sale of one of these developments, under the project name of THE AGORA (hereafter referred to as the "Wing Hong Street Project").

The Group's continued success in delivering these projects helped it further build its track record as a property development and investment company, while also aligning with its strategy of securing high-potential investments, growing asset values and exiting within a three-to-five year horizon.

During the year under review, the Group's investments included commercial, industrial and residential property developments in Hong Kong, the People's Republic of China (the "PRC"), the United States of America (the "U.S.A.") and the United Kingdom (the "U.K."). It has also invested in companies operating in the areas of distribution of construction and interior decorative materials and hospitality operations.

As at 31 March 2017, the Group's total assets amounted to HK$1,671 million (2016: HK$1,974 million), of which HK$979 million (2016: HK$1,356 million) was current assets, approximately 2.60 times (2016: 1.95 times) of current liabilities. Equity attributable to the owners of the Company was HK$1,112 million (2016: HK$1,080 million).

Overall Performance

During the year ended 31 March 2017, the Group recorded consolidated revenue of HK$602 million (2016: HK$153 million). Gross profit and gross profit margin were HK$138 million (2016: HK$38 million) and 22.9% (2016: 24.8%) respectively.

Profit for the year was HK$54 million (2016: loss of HK$92 million). Profit attributable to equity shareholders of the Company was HK$54 million (2016: loss attributable to equity shareholders of the Company of HK$83 million).

The profit was mostly attributed to the sales of a majority of residential units of The Paseo, a 25-storey mixed residential/commercial project in the Tsim Sha Tsui district, Kowloon and fair value gain on investment properties in Hong Kong and the PRC, notwithstanding that the Group recorded a net foreign exchange loss that arose from the fluctuation of Renminbi and British Pound.

Basic and diluted earnings per share for the year ended 31 March 2017 was HK11.2 cents (2016: basic and diluted loss of HK17.5 cents per share).

The Board declared a final dividend per share of HK3 cents (2016: HK3 cents).

Material Acquisitions and Disposals

There is no material acquisition and disposal during the year.

Investment Portfolio

As at 31 March 2017, the Group had bank deposits and cash on hand of HK$125 million (2016: HK$132 million), representing 7.5% (2016: 6.7%) of the Group's total assets.

The following table shows the Group's investments as at 31 March 2017.

Real Estate Investments

Investment	Location	Type	Group's interest	Status as of 31/3/2017	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
265 Naomi Project	265 W Naomi Avenue, Arcadia, CA91007, the U.S.A.	Residential property	100%	Under planning	N/A	22,858 square feet	22,858 square feet
263 Naomi Project	263 W Naomi Avenue, Arcadia, CA91007, the U.S.A.	Residential property	100%	Under planning	N/A	22,858 square feet	22,858 square feet
Hampton Project	957 Hampton Road, Arcadia, CA 91006, the U.S.A.	Residential property	100%	Under construction. Expected to be completed in the second quarter of 2017	10,688 square feet	N/A	10,688 square feet
Fallen Leaf Project	964 Fallen Leaf Road, Arcadia, CA 91006, the U.S.A.	Residential property	100%	Under construction. Expected to be completed in the second quarter of 2017	14,845 square feet	N/A	14,845 square feet
Shoreditch Project	79-81 Paul Street, Shoreditch, London, EC2A 4NQ, the U.K.	Commercial property	100%	Completed (classified as properties for sale)	10,939 square feet	N/A	10,939 square feet
Le Roy Project	333 West Le Roy Avenue, Arcadia, CA91007, the U.S.A.	Residential property	50%	Under planning	N/A	20,473 square feet	10,237 square feet
Kailong Nanhui Business Park	An industrial complex located at No. 2300 Xuanhuang Road, Huinan County, Pudong New District, Shanghai, the PRC	Commercial/ industrial property	59%	Being marketed to tenants	52,304 square metres	N/A	30,911 square metres
The Paseo (one residential flat and commercial area)	Kowloon Inland Lot No. 11229	Residential/ commercial property	100%	Completed (classified as properties for sale)	5,029 square feet	N/A	5,029 square feet

Investment	Location	Type	Group's interest	Status as of 31/3/2017	Total gross floor area	Total land area	Attributable gross floor/ land area
Maple Street Project	124-126, 130, 132 and 134 Bedford Road, Tai Kok Tsui, Kowloon	Industrial property	100%	Under construction. Expected to be completed in December 2018	86,400 square feet	N/A	86,400 square feet
Wing Hong Street Project	55-57 Wing Hong Street and 84-86 King Lam Street, Kowloon	Industrial property	26%	Under construction and pre-sale stage. Expected to be completed in December 2018	181,687 square feet	N/A	47,239 square feet
2702, 2803, 2804 and various car parking spaces of Rykadan Capital Tower	135 Hoi Bun Road, Kwun Tong, Kowloon	Commercial property	100%	Completed (classified as investment properties)	11,652 square feet	N/A	11,652 square feet
Various car parking spaces of Rykadan Capital Tower	135 Hoi Bun Road, Kwun Tong, Kowloon	Commercial property	100%	Completed (classified as properties for sale)	N/A	N/A	N/A

Note: Gross floor area is calculated on the Group's development plans which may be subject to change.

Other investments

Investment	Business/type	Group's interest
Q-Stone Building Materials Limited	Distribution of construction and interior decorative materials	87%
Quarella Holdings Limited	Producer of quartz and marble-based engineered stone composite surfaces products	43.5%
RS Hospitality Private Limited	A joint venture for operating a 24-suite boutique resort in Bhutan	50%

Summary and Review of Investments

Property Development

The Group made substantial progress in moving forward its property development investments during the year under review, particularly in Hong Kong. Highlights included successfully monetising and handing-over The Paseo, the Group's first residential real estate project, as well as the successful pre-sale of the Wing Hong Street Project.

The Group was also active in acquiring more overseas property development sites, including three new residential properties in Arcadia, the U.S.A.

The Group will focus on completing its two remaining industrial redevelopment projects in Hong Kong. The Group's strategy remains to redevelop both sites by demolishing the existing building and constructing new high quality industrial properties for reselling purposes.

The successful completion of these projects will cement the Group's reputation and track record as a property developer, which will support its expansion into new business fields in the future. For example, the Group started providing management services for the Wing Hong Street Project via its wholly-owned subsidiary, Rykadan Management Services Limited. This service is provided under a progressive fee structure linked to cost saving performance.

The Group will continuously review and assess its projects on hand with a view of materialising its investments at an appropriate time.

Property Investment and Hospitality Operations

The Group also holds several properties in Hong Kong, the PRC and Bhutan.

In Hong Kong, the Group continues to retain two floors of Rykadan Capital Tower for its own use and for rental income or potential rental income.

In the PRC, the Group has invested in the Kailong Nanhui Business Park. The Group will continue to target large and quality tenants and will consider off-loading the buildings at an appropriate time.

In Bhutan, the Group has invested in a 24-suite boutique resort located in Bhutan's Punakha Valley, for which operations and occupancy has been stable.

Distribution of Construction and Interior Decorative Materials

During the year, the Group successfully tendered for the lease of the business and certain assets of Quarella S.p.A., a world leader in the production of quartz and marble-based engineered stone composite surfaces products, via a joint-venture. The Group is yet to finalise a shareholders' agreement with its joint-venture partner ahead of the acquisition which is expected to be completed in the second half of 2017. Quarella was established over 50 years ago and currently has factories and research and development centres in Italy. Its products are popularly used for benchtops, bathroom surfaces and floor tiles and it has supplied materials for a number of prominent commercial buildings and shopping malls in many markets around the world, including the PRC and Hong Kong.

Due to the new development with Quarella, the Group is looking for other brands to expand its construction and interior decorative materials business of the subsidiary, Q-Stone Building Materials Limited ("Q-Stone"). As at 31 March 2017, Q-Stone had contracts on hand worth HK$124 million to be completed in the coming years.

Outlook

The Group is cautiously optimistic about the strength of the Hong Kong residential, commercial and industrial property markets, with its ongoing industrial property redevelopment projects remaining well placed to benefit from rising demand for commercial and industrial space outside the city's traditional CBD. It plans to launch the pre-sale of its second industrial redevelopment project in the West Kowloon area – a district that is currently experiencing rapid revitalisation – in order to take advantage of this trend.

The Group also remains confident about the long-term prospects of the U.S.A. and the U.K. property markets, despite ongoing risks associated with Brexit and other political events, as well as from increasing interest rates.

Prospects for the Group's construction and interior decorative materials business will continue to be supported by economic stimulus in the PRC, as well as other government efforts such as the Belt and Road Initiative, which should support the domestic construction industry, particularly in the second/third-tier cities and western regions of the PRC.

The Group will continue to thoughtfully evaluate new investment opportunities and leverage its experienced management team and business partners to further diversify the Group's investment portfolio, particularly in the U.S.A., while also developing its reputation as an asset manager.

The Group will also continue to actively manage its ongoing investments in the Greater China region and overseas to support its future performance and unlock value for shareholders in a timely manner.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources

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

As at 31 March 2017, the Group's total debts (representing total interest-bearing bank borrowings) to total assets ratio was 22.0% (2016: 22.6%). The net gearing ratio (net debts, as defined by total debts less unrestricted bank deposits and cash, to equity attributable to equity shareholders of the Company) was 21.8% (2016: 29.2%) as the Group has net debts of HK$243 million as at 31 March 2017 (2016: HK$315 million).

At 31 March 2017, the Group has total bank borrowings of HK$367 million (2016: HK$447 million). The bank borrowings of the Group were mainly to finance the retaining two floors of Rykadan Capital Tower, Maple Street Project, the U.S.A. properties and Kailong Nanhui Business Park. Of the total bank borrowings, the bank loans of HK$317 million were secured by the properties for sale, investment properties, buildings held for own use and pledged bank deposit of which HK$169 million will be repayable upon the completion of construction of properties. Further costs for developing Maple Street Project, the U.S.A. properties and Wing Hong Street Project will be financed by either unutilised banking facilities, deposits received from customers held as cash held by stakeholders designated for the projects or internally generated funds.

As at 31 March 2017, the Group's current assets and current liabilities were HK$979 million (2016: HK$1,356 million) and HK$377 million (2016: HK$695 million) respectively. The Group's current ratio increased to 2.60 (2016: 1.95). 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 risks and opportunities and maximise shareholders' value.

Pledge of Assets

For the pledge of assets, please refer to note 23 to the consolidated financial statements.

Capital Commitments and Contingent Liabilities

For the capital commitments and contingent liabilities, please refer to notes 30 and 31 to the consolidated financial statements respectively.

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

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

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

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

Credit Exposure

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

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

Employees and Remuneration Policies

As at 31 March 2017, the total number of employees of the Group is 62 (31 March 2016: 67). The Group offers an attractive remuneration policy, including reward to employees on a performance basis with reference to market rate, and subsidies for job-related continuing education. Total remuneration for employees (including the directors' remuneration) was HK$51 million for the year (2016: HK$53 million).

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 March 2017.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance in order to safeguard the interests of shareholders and to enhance corporate value and accountability.

In addition to adhering to the principles and code provisions in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), the Company has, based on the standards and experience of the Company, adopted its own Corporate Governance Manual (the "CG Manual") for reference by the Board and the management of the Company and its subsidiaries to meet the code provisions as set out in the CG Code. A copy of the CG Manual is posted on the Company's website. In the opinion of the directors, the Company has complied with all code provisions as set out in the CG Code throughout the year ended 31 March 2017, save for the deviations for code provisions A.1.1 and A.2.1 which deviations are explained in the relevant parts of this report.

The Company will continue to review periodically the CG Manual and enhance its corporate governance practices to ensure the continuous compliance with the requirements of the CG Code.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Board has delegated to the Chief Executive Officer, and through him, to the senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

All directors have carried out their duties in good faith, in compliance with applicable laws and regulations and in the interests of the Company and its shareholders at all times.

DELEGATION BY THE BOARD

The Company has formalized and adopted written terms on the division of functions reserved to the Board and delegated to the management.

The Board reserves for its decisions on all major matters of the Company, including the formulation and monitoring of all policies and directions, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

BOARD OF DIRECTORS

The Board of the Company currently comprises the following directors:

Executive directors:

Mr. CHAN William
(Chairman of the Board and the Nomination Committee, Chief Executive Officer)
Mr. YIP Chun Kwok
(Chief Financial Officer)

Non-executive director:

Mr. NG Tak Kwan

BOARD OF DIRECTORS (Continued)

Independent non-executive directors:

Mr. HO Kwok Wah, George
(Chairman of the Audit Committee and the Remuneration Committee and member of the Nomination Committee)
Mr. TO King Yan, Adam
(Member of the Audit Committee and the Remuneration Committee)
Mr. WONG Hoi Ki
(Member of the Audit Committee, the Remuneration Committee and the Nomination Committee)

A brief description of the background of each director is presented on page 26 of this annual report under the heading of "Profiles of Directors and Senior Management".

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The non-executive director and the independent non-executive directors are expressly identified in all corporate communications pursuant to the Listing Rules.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 March 2017, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise. The Board has maintained, throughout the year ended 31 March 2017, the proportion of the independent non-executive directors to at least one-third of the Board.

The Company has received written annual confirmation from each independent non-executive director of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all such directors independent.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

NON-EXECUTIVE DIRECTORS AND DIRECTORS' RE-ELECTION

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the executive directors and the independent non-executive directors of the Company is engaged on a service agreement (for executive director) or letter of appointment (for independent non-executive director) for a term of 3 years and the non-executive director is engaged on a letter of appointment for a term of 1 year. All directors are subject to retirement by rotation once every three years.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

During the year ended 31 March 2017, relevant reading materials including legal and regulatory update have been provided to all directors for their reference and studying as well as providing all directors invitations to attend relevant seminars.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

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

BOARD AND COMMITTEE MEETINGS

Board Practices and Conduct of Meetings

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiries, all of the directors and relevant employees of the Group confirmed that they have complied with the Securities Code and the Model Code throughout the year ended 31 March 2017.

BOARD COMMITTEES

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

Remuneration Committee

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

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

No meeting had been held by the Remuneration Committee during the year ended 31 March 2017. However, the Remuneration Committee had recorded their decisions by passing written resolutions determining remuneration packages of the executive directors, the non-executive director and the independent non-executive directors.

Details of the Directors' remuneration are set out in note 8 to the consolidated financial statements. In addition, pursuant to the code provision B.1.5, the annual remuneration of other members of the senior management by bands for the year ended 31 March 2017 is set out below:–

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

Nomination Committee

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

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

One meeting had been held by the Nomination Committee during the year ended 31 March 2017.

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

Audit Committee

The Audit Committee comprises all the three independent non-executive directors with the chairman of which possesses the appropriate professional qualifications and accounting expertise. None of the committee members is a former partner of the Company's external auditors.

The Audit Committee is responsible to assist the Board to review and supervise the adequacy and effectiveness of the Group's financial reporting system, internal control systems and the risk management system and associated procedures as well as the internal and external audit functions. It is also responsible for reviewing the completeness, accuracy, clarity and fairness of the Group's consolidated financial statements, considering the scope, approach and nature of both internal and external audit reviews and reviewing and monitoring connected transactions. It also reviews the arrangement to enable employees of the Group to raise concerns about possible improprieties. The Board shall in consultation with the chairman of the Audit Committee provide sufficient resources to enable the Audit Committee to discharge its duties. The Audit Committee annually assesses the appointment of the external auditors and reviews the interim and final results of the Group prior to recommending them to the Board for approval.

There were two Audit Committee meetings held during the year ended 31 March 2017. The Audit Committee has performed the following work during the year: (i) to review the financial reporting and compliance procedures; (ii) to review the audited annual results for the year ended 31 March 2016 and interim results for the half year ended 30 September 2016; (iii) to meet with the external auditors in the absence of management; (iv) to review the risk management and internal control procedures of the Company; and (v) to consider the re-appointment of auditors.

The Company's annual results for the year ended 31 March 2017 have been reviewed by the Audit Committee.

Corporate Governance

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the year ended 31 March 2017, the Board reviewed its Corporate Governance Manual, the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Directors' Attendance Records

Code provision A.1.1. of the CG Code stipulates that regular Board meetings should be held at least four times a year at approximately quarterly intervals. There were nine Board meetings held during the year ended 31 March 2017, two of which were regular meetings held for approving the final results for the year ended 31 March 2016 and the interim results for the period ended 30 September 2016. The Company has not held the other two regular Board meetings as it is not required under the Listing Rules to publish quarterly results.

The attendance record of each director at the Board meetings, the Audit Committee meetings and the general meetings of the Company held during the year ended 31 March 2017 is as follows:–

	Attendance/Number of Meetings held during the tenure of directorship			
	Board			Annual
Name of Directors	Regular	Other	Audit Committee	General Meeting
Executive Directors				
Chan William	2/2	7/7	N/A	1/1
Yip Chun Kwok	2/2	7/7	N/A	1/1
Non-Executive Director				
Ng Tak Kwan	2/2	7/7	N/A	1/1
Independent Non-Executive Directors				
Ho Kwok Wah, George	2/2	7/7	2/2	1/1
To King Yan, Adam	2/2	7/7	2/2	1/1
Wong Hoi Ki	2/2	7/7	2/2	1/1

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 March 2017.

In preparing the consolidated financial statements, the directors have adopted accounting principles generally accepted in Hong Kong and suitable accounting policies and applied them consistently, made judgements and estimates that are fair and reasonable and prepared the consolidated financial statements on a going concern basis.

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

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Group's consolidated financial statements, which are put to the Board for approval.

The statement of the external auditors of the Company about their reporting responsibilities for the consolidated financial statements is set out in the Section headed "Independent Auditor's Report" on page 37.

AUDITORS' REMUNERATION

The remuneration charged by the Company's external auditors, Messrs. KPMG, in respect of audit services and non-audit services for the year ended 31 March 2017 is set out below:–

Category of Services	Fee Paid/Payable (HK$)
Audit Services	1,508,000
Non-audit Services	
– Risk management and internal control advisory work	390,000
– Tax compliance and advisory work	299,000
– Others	493,000
TOTAL	2,690,000

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the Group's risk management and internal control systems and oversee management in the design, implementation and monitoring of the risk management and internal control systems.

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board is also responsible to review the effectiveness of the Group's risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions.

During the year ended 31 March 2017, the Board has engaged an external consultant to perform certain internal control review services and has discussed the scope of work with the external consultant. The Board considers the scope of work to be adequate given the size and complexity of the Group's operations and the Group's risk appetite. For the year ended 31 March 2017, the external consultant has assisted the Group to perform a review of the effectiveness of internal controls system for certain selected processes. The review results and proposed improvement opportunities were discussed and agreed with the management and were reported to the Audit Committee.

The Board has adopted the risk management policy as established by management of the Group, which, together with the Group's internal control systems, are designed to manage the risk of failure to achieve business objectives and provide reasonable but not absolute assurance against material misstatement or loss.

The Group's risk management and internal control systems consist of the following main features:

Risk appetite – The Group has established a risk appetite statement that defines the extent of risks that the Group is willing to take in pursuit of its strategic and business objectives. It represents a balance between the potential benefits of business pursuits and the possible threats from the actions.

Risk governance structure – Clear roles and responsibilities are assigned to different level of management within the Group. The Board sets the tone, provide guidance and governance over risk management. Senior management is delegated with the responsibility to provide an assessment on the adequacy and effectiveness of the risk management process, as well as review, evaluate and challenge the risks identification and management processes. Risk owners ensure that the risk monitoring and internal control systems are working effectively and risk mitigation actions and internal controls are implemented.

Risk management process – A robust risk management process comprising risk identification, risk analysis, risk evaluation and risk treatment has been established to ensure that the top risks that the Group are facing are monitored and treated on an on-going basis. Risk assessment parameters are developed and applied consistently across the Group to evaluate and prioritise risks. Risk register that set out the particulars of the Group's top risks together with the control measures is maintained by the Group.

Risk escalation process – Risks that exceed the risk tolerance level set by the Board are escalated to the Board to ensure further risk mitigation actions are taken timely.

The Board delegates the responsibility of reviewing the effectiveness of the Group's risk management and internal control systems to the Audit Committee which monitors the Group's risk management and internal control systems.

The Audit Committee reviewed the effectiveness of the Company's internal control procedures and was satisfied that the Company's internal control processes are adequate to meet the business needs of the Company. The Board considers that the risk management and internal control systems of the Group are effective and adequate. The Board is monitoring the risk management and internal control systems on an ongoing basis.

For the handling and dissemination of inside information, an inside information handling policy is in place to enable the Group to handle inside information and, where required, communicate with the Group's stakeholders in a timely manner.

COMPANY SECRETARY

Ms. Yeung Man Yan Megan ("Ms. Yeung") has been appointed the Company Secretary of the Company in January 2012. Ms. Yeung has taken no less than 15 hours of relevant professional training during the financial year ended 31 March 2017.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective and on-going communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to evaluate the performance of the Group.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board, all independent non-executive directors, and the Chairmen of all Board Committees (or their delegates) will make themselves available to answer questions at shareholders' meetings.

The Company also communicates with the shareholders, investors and general public through the annual reports, interim announcements and other corporate announcements.

To promote effective communication, the Company maintains a website at http://www.rykadan.com, where up-to-date information and updates on the Company's structure, board of directors, business developments and operations, financial information, corporate governance practices and other information are posted.

During the financial year ended 31 March 2017, there is no change in the Company's constitutional documents.

An up to date version of the Company's constitutional documents are also available on the Company's website and the Stock Exchange's website.

SHAREHOLDERS' RIGHTS

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

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

Convening an Extraordinary General Meeting by Shareholders

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

Putting Forward Proposals at General Meetings

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

Putting Forward Enquiries to the Board

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

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

Contact Details

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

Address: Rooms 2701 and 2801, Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong, Kowloon
(For the attention of the Chairman of the Board/Chief Executive Officer/Company Secretary)
Fax: (852) 2547 0108

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

The Board is pleased to present this Environmental, Social and Governance Report in the Group's annual report for the year ended 31 March 2017.

1 ABOUT THIS REPORT

1.1 Overview

This is the first Environmental, Social and Governance ("ESG") Report of Rykadan Capital Limited ("Rykadan" or the "Company") and its subsidiaries (collectively, the "Group").

1.2 About Our Business

For the year ended 31 March 2017, Rykadan's main lines of business include property development, property investment and distribution of construction and interior decorative materials.

Rykadan develops and invests in properties, primarily in Hong Kong, but also in the United States, London, and the PRC, deriving majority of our revenue from sales and rental of properties. We also partner with real estate funds or private equity funds, where we act as project managers, managing the developments or the refurbishing of existing buildings from the design stage, construction, through sales and rental of properties as well as property management with the assistance of consultants.

Rykadan is a sole agent in the PRC for a quartz and marble-based engineered stone composite surfaces products from Italy. We trade the products to key customers including mainly developers in Hong Kong and the PRC. The Group does not own any factories or logistic functions for material transportation and we contract out our material cutting and transportation to third-party service providers.

We believe in long-term corporate sustainability and we are committed to delivering both quality and responsible products. We are against doing business in any unethical manner in return for short term profits. The way we operate our business enables us to enhance the value of our brand and investments. We are committed to operating in an environmentally, socially and economically responsible way and we aim to partner with others that share the same value.

1.3 Scope of this Report

The scope of this ESG report covers our businesses in Hong Kong, United States, United Kingdom and the PRC, including both our property business and the distribution of construction and interior decorative materials. For real estate, the scope covers all our operations from property development, the sale and rental, to property management.

1.4 Reporting Reference

This ESG report was prepared in accordance with the general disclosure requirement of Environmental, Social and Governance Reporting Guide ("ESG Guide") in Appendix 27 of the Rules Governing the Listing of Securities of the Hong Kong Exchanges and Clearing Limited ("HKEx"), meeting the "comply or explain" provision of the ESG Guide.

2 MATERIALITY ASSESSMENT

2.1 Stakeholder Engagement

Materiality assessment is essential in identifying the focus of our ESG management strategies. Engaging our stakeholders provides important input for our decision making, which helps us continuously improve and make progress toward our ESG commitments.

For the first year in preparing the ESG report, we have primarily conducted engagement with our senior management and employees, who have hands-on knowledge of our operations as well as close relationships with key investors and business partners, in collecting views and identifying materiality for the Group. With the facilitation of a third party consultant, engagement surveys and interviews were conducted and assessed. Findings were subsequently transcribed into the materiality results as described in the section below.

We are committed to ongoing stakeholder engagement as a core component of our business and sustainability strategies and our annual reporting process. We therefore plan to expand our scope of stakeholder engagement exercise year by year, by means of the variety of our stakeholders, in order to get a more comprehensive feedback for continual improvement of our ESG performance.

2.2 Materiality Assessment

Views and opinions collected during the stakeholder engagement were assessed and the material ESG issues and their relevance to the business operations in descending order categorised by aspects are summarised as follows:

Aspects	Material Issues	Relevance to the Business
Environment	Hazardous waste	Disposal of chemical waste such as unused paints and solvents and their containers. The proper storage and handling of such chemical waste at our construction sites are regulated. Although we do not have direct control over the hazardous waste management at the site level, we work closely with our contractors to ensure hazardous waste are properly managed and disposed of.
	Air emission	Air emissions from construction sites and vehicular emissions from logistics delivery. Although we do not have direct control over these emissions, we work closely with our contractors to ensure proper monitoring of their compliance with the applicable environmental protection laws and regulations.
Social	Anti-corruption	Conducting business ethically is essential to our business. And we are against any bribery or corrupt actions among our staff and business operations.
	Forced Labour and Child Labour	Forced labour and child labour are regarded as key issues and they are completely prohibited in our industry practices and in our Group's operation.
	Product Responsibility	We take pride in the responsible "design and build" of our properties, particularly for residential buildings, where we strive for designs that we believe in meeting the basic living quality of users such as livable size and natural light penetration to the apartment.
	Health and Safety	Construction safety is a another key issue to our property development business. We encourage our contractors to strive to reach the goal of zero accident in all our construction sites.

3. ENVIRONMENT

3.1 Our Commitment

The Group is committed to environmental protection through minimizing our impact to the environment generated from the daily operations of our business. We are committed to complying with all relevant environmental regulations and requirements and we will continue to improve our environmental performance by regularly reviewing and enhancing our environmental practices. In addition, we will progressively enhance our influence over our service providers to improve their ESG performance.

Real Estate

As a property investor and developer, we strive for responsible "design and build" of our properties. As we take on the project management role, we work closely with our service providers, such as architects, engineers and contractors, to incorporate responsible environmental considerations throughout the whole process from design, build to operate.

During the design stage, we incorporate environmentally-friendly or green design features where practicable, including for example, optimising the use of natural light and the use of energy-efficient lighting equipment. We engage with reputable main contractors who are not only delivering quality work on time at competitive fees, but also carrying out proper environmental and safety management on-site. We monitor the environmental performance of our construction sites mainly through regular construction progress meetings where regulatory compliance are discussed and updated.

Distribution of Construction and Interior Decorative Materials

As a commercial enterprise engaging in the distribution of construction and interior decorative materials, we conduct our trading mainly under an office environment. The Group does not own any factories or logistic functions for material transportation and we contract out our material cutting and transportation to third-party service providers. While we do not have any direct control over the environmental performance of these service providers, we are aware of the potential environmental impact of their practices, especially on environmental emissions in the factory operations and we try to influence by suggesting measures to reduce their impact where possible. Further details regarding supply chain management are discussed in Section 5.2 Supply Chain Management.

The head office

At the head office, we adopt environmentally-friendly working practices by paying close attention to the efficient use of resources and minimising waste generation. Green office practices are encouraged such as double-sided printing and copying, and the switching off of idle lighting and electrical appliances to minimise energy consumption.

3.2 Emissions and Regulatory Compliance

For our property businesses and the distribution of construction and interior decorative materials, we understand there are environmental emissions such as air emissions and waste water discharges, general waste and hazardous waste disposals, they are currently being managed and monitored by our service providers. Therefore, we do not have any direct control over the above mentioned emissions, but we monitor the ESG performance of our service providers closely, especially on regulatory compliance.

Waste Management

Hazardous Waste

Chemical use, such as paints and solvents, are unavoidable in construction work. The proper storage and handling of any chemicals at our construction sites are regulated. Though we do not directly handle or have direct control over the hazardous waste management at the site level, we work closely with our contractors to ensure these hazardous waste are properly managed and disposed of.

Construction Waste

Construction waste is sorted on-site and is properly disposed of by our contractors. As with hazardous waste, we work closely with our contractors to ensure the construction waste is properly managed and disposed of.

General Waste

General waste is produced in our office. Used paper such as office papers, posters, and marketing brochures is a main component of general waste and we collect and handle its recycling and disposal. Other measures adopted to minimise waste generation in the office includes:

– The provision of recycling bins to collect used paper, cardboard boxes, packing materials, toner and ink cartridges;

– The use of doubled-sided printing;

– The use of environmentally-friendly paper (e.g., PEFC paper); and

– The adoption of electronic means for internal communication such as memorandum and reports in replacing of the use of paper.

Air Emission

Air emissions are produced from construction sites, vehicular emissions from logistics delivery and business travel. Though we do not have direct control over the emissions from construction sites and the vehicular emissions, we work closely with our contractors to ensure proper monitoring of their compliance with the local environmental protection laws and regulations. In relation to business travel, the Company encourage the employees to use teleconference or other means to minimize the need for business travel.

Compliance

During the reporting period, the Group was not aware of any material non-compliance with laws and regulations relating to environmental emissions.

3.3 Use of Resources

The Group is committed to using resources wisely and efficiently and we encourage the reuse and recycling of materials within our operations. In property development, we take into consideration of resource-efficient designs such as the use of LEDs and the adoption of energy-efficient appliances, as well as water-efficient fixtures including faucets and water closets. In our offices, we also implement measures in energy saving and minimizing resource consumption including the use of paper and other office supplies. Examples of these measures are provided as follows:

– Keeping air-conditioned room temperature at 25°C;

– Shutting off lights when a room is not in use;

– Switching off office equipment and electronic appliances to energy saving mode, e.g. enabling the printers and computers to automatically power down after a period of inactivity;

– Adopt green procurement of electronic appliances by purchasing appliances that meet the Grade 1 standard of the Electrical and Mechanical Services Department's energy efficiency label whenever acquiring new office equipment or procuring renovation materials.

3.4 The Environment and Natural Resources

The significant environmental issues faced in our business in relation to emissions and the use of resources are already disclosed in the above sections.

4 EMPLOYMENT AND LABOUR PRACTICES

At Rykadan, we believe that our employees are the foundation of our Company's success. Our top priorities are to attract and retain the best talents, and keep our employees safe at work. We implement a fair and transparent recruitment scheme that respects human rights and the dignity of all people. The Group provides comprehensive benefit packages along with learning and professional development opportunities to our employees.

Rykadan's commitment to our employees' welfare is presented in the Code of Ethics and Conduct Policy and the Employee Handbook, of which all directors and employees of Rykadan abide to. The Group has also Recruitment Policy, Termination of Employment as well as the Staff Work Performance Appraisal procedures properly documented and implemented.

4.1 Employee Benefits

The Group recognizes that its success depends on the contribution of our employees. The Group is dedicated to the achievement of equality of opportunity for our employees in relation to personnel matters including recruitment, training, promotion, transfer, benefits, dismissal etc., without regard to race, colour, religion, sex, age, national origin or physical disabilities.

We believe that sustainable growth in our business relies on the recruitment and retention of talents. To retain and motivate talent, the Group offers competitive remuneration which is reviewed annually, based on our Staff Work Performance Appraisal procedures, to reflect each employee's performance and contribution.

Full-time employees of the Company are also provided with other fringe benefits including medical insurance coverage, long service payment and annual leave benefits in accordance to our annual leave policies. Details are documented in our Employee Handbook. Employees' leave entitlement is clearly documented, including for example, special leaves such as 5-day marriage leave, 5-day paternity leave and 1-day birthday leave.

Each year, the Group organises company events, for example, dinner party at New Year or Christmas, to give colleagues opportunities to interact with each other in a relaxed environment and enjoy a sense of belonging.

4.2 Health and Safety

For Rykadan, it is our highest priority to ensure employees' health and safety.

Construction safety is an important issue to our property development business. We encourage our contactors to strive for the goal of zero accident in all our construction sites. We outsource our construction work to contractors with good reputation and record on workers' health and safety. Any major accidents resulting in injuries or fatality or non-compliance in meeting health and safety regulations would disqualify such contractors for future partnering opportunities.

The Group's head office in Hong Kong is firmly committed to maintain a sound and safe working environment to prevent injury and illness, in compliance with all occupational health and safety laws and regulations. We make sure that first aid kits and fire extinguishing equipment are located at prominent locations in the office and are properly maintained. Evacuation and escape exercises are regularly performed with employees' participation at least once a year.

We care about the wellness of our employees by maintaining proper indoor air quality through regular cleaning of the office's ventilation system as well as organising periodic outdoor gatherings to promote work-life balance of employees.

4.3 Development and Training

To increase the competitiveness and knowledge of our employees, we have an Education Sponsorship and Allowance Scheme where each employee is entitled to annual sponsorship for continued learning. Employees are also encouraged to take part in external training courses. The Group supports employees to attend job related training courses or professional seminars by sponsoring them and/or granting them special fully-paid leave. We offer examination leaves of a maximum of 3 days per year, and sponsor for further studies of a maximum of HK$6,000 per year.

4.4 Labour Standards

The Group does not tolerate or engage in any use of child or forced labour and strictly follows the regulatory requirements in accordance with the Employment of Children Regulation within the Employment Ordinance. Procedures are established to ensure no child labour is employed. During the recruitment process, the age of candidates is verified with their identification documents. The Group will only work with reputable contractors and sub-contractors who have relevant mechanisms in place to ensure their compliance towards child and forced labour regulations.

With respect to overtime work, we have clear procedures to compensate our employees for their hard work and contributions. For general employees who work overtime or over weekends, they are compensated with a half day's holiday for every 4 hours of work. Meal allowance is also provided if the overtime work is more than 2 hours during weekdays.

4.5 Anti-corruption

The Group is committed to achieving the highest standards of openness, probity and accountability. We adopt a "zero tolerance" approach to bribery, corruption and fraud of any kind. We have a Whistle Blowing Policy to provide means for employees and others who deal with the Company to raise concern regarding possible improprieties in any matters relating to Rykadan. The Board of Directors ensure that all complaints are considered impartially and efficiently. Unlawful or unethical conduct will be investigated promptly. All information received shall be kept confidential.

Rykadan's Code of Ethics and Conduct Procedure addresses the commitment to act with integrity in all its operational activities from ethics and business integrity, including issues on no bribery, no insider trading, avoiding conflicts of interest and misuse of assets and resources etc.

The Group does not tolerate any illegal or unethical acts. Anyone violating the Code of Ethics and Conduct Procedure will be disciplined, including possible termination of employment. It is an obligation to all employees to report if there is any suspected cases or corruption or other forms or criminality, and a report will be made to the Independent Commission against Corruption or other appropriate authorities.

4.6 Regulatory Compliance

During the year under review, the Group was not aware of any material non-compliance with laws and regulations relating to employment and labour practices, occupational health and safety that have a significant impact on the Group. No incidents were identified relating to the use of child and forced labour, material breach of laws and regulations relating to bribery, extortion, fraud and money laundering.

5 PRODUCT RESPONSIBILITY

5.1 Securing Products and Services Quality

The Group is committed to ensuring that its products and services are of premium quality.

With respect to the Group's property development business, it is our highest priority to provide quality living area to our customers. We understand the significant impact and responsibility on the community as a property developer. For every property development project, our team always considers the design from the perspective of end users, caring for their needs and we strive for user-friendly designs where practicable. The Group also takes consideration on resource-efficient designs and would consider green building certifications such as BEAM Plus where it is economically sound.

For the marketing and communications materials on redeveloped properties, we do not exaggerate in our show flats and we ensure compliance with government regulations and industry guidelines, including the Residential Properties (First-hand Sales) Ordinance, the Consent Scheme of the Hong Kong Lands Department and the self-regulatory regime of the Real Estate Developers Association of Hong Kong.

Regarding the trading of construction and interior decorative materials, the composite marble stone is from an internationally well-known brand. The product is already subjected to stringent product quality, safety and environmental regulations prior to shipping to Hong Kong and the PRC. The stone cutting factories post-manufacturing are selected with the criteria of maintaining the product quality and the factories' adherence to good safety and environmental practices.

The Group stays connected with its customers through various channels such as telephone, emails and physical meetings to obtain their feedback and suggestions.

Regulatory Compliance

During the year under review, the Group was not aware of any material non-compliance with laws and regulations relating to our products and services.

5.2 Supply Chain Management

It is our Group's policy to promote fair and open competition and aims at developing and securing long term relationships with suppliers and contractors based on mutual trust. Procurement of suppliers and service providers is conducted in a manner of the highest ethical standards which also assure quality end products as well as the continued confidence of customers, suppliers and the investors.

We have an established transparent procurement and tendering procedures in support of our business operations. While the Group strongly believes that the procurement of services or the purchase of goods should be based mainly upon price, quality, and on-time delivery, we also consider the ESG performance of our service providers, particularly regarding regulatory compliance on environment, employment and labour as well as health and safety.

It is the policy of Rykadan to prohibit bribery and corrupt practices. Directors and employees are to follow Rykadan's policy on the acceptance of advantages. Under no circumstances are they permitted to use insider information for their own private gains. Those involved in the selection of and purchase from suppliers and contractors should avoid misuse of authority or engage in situations which could interfere, or appear to interfere, with their ability to make free and independent decisions regarding purchase and procurement.

For property construction, the Group has long term partner relationship with a few main contractors in Hong Kong, which are all reputable contractors. We only work with main contractors with good reputation in the industry and believe they maintain good record in health and safety, environmental issues and their ability to deliver quality services. We receive progress report/minutes regularly which provide the monitoring records on environmental and health and safety performance in the construction sites. If any breach of law or regulation occurs, the Group would blacklist the involved party in future development projects.

Regarding the distribution of construction and interior decorative materials, we will take steps to progressively enhance the assessment and monitoring of the ESG performance of our service providers. When selecting the stone cutting factories, we have always chosen suppliers that are located close to the port or the work site in order to to minimise the transportation distance and the use of fuel. We select stone cutting factories for their product quality, yet we also give priority to those who have better ESG performance. We also tend to use suppliers with good record of product quality from previous experiences.

6 COMMUNITY INVESTMENT

At Rykadan, we sincerely believe that our growth is closely tied to our surrounding community and the environment. We encourage and support our employees to participate in community events and to make charitable donations. We have compensation policy for employees who contribute their time in volunteering in charitable work outside office hours.

During the reporting year, we have partnered with Heep Hong Society to support children with needs. We have also made donations to two children's programs including the Football programme and the Life Education Training Camp. In addition, we have participated in Senior Day 2017 in support of Hope Worldwide to serve senior citizens living in public housing. We donated and participated in the Halloween Go 5 Km of Hong Kong Network for Promotion of Inclusive Society Limited for the benefit of disabled people.

Executive Directors

Mr. Chan William (陳偉倫先生), aged 42, is an executive Director and the Chief Executive Officer and the Chairman of the Company. Mr. Chan also serves as the Chairman of the nomination committee. Mr. Chan joined the Group in 2008. He is primarily responsible for overall strategies, planning, business development and implementation of the strategies of the Group. He also holds other directorships in the Company's subsidiaries. Mr. Chan graduated from the University of La Verne, California of the United States with a Bachelor of Business Administration degree in 2000 and a Master of Business Administration degree in 2002. He was a director of the Tung Wah Group of Hospitals (2003/2004), a director of Yan Chai Hospital (35th Term Board of Directors (2002/2003)) and a committee member of the Central and Sai Ying Poon Area Committee of Home Affairs Department of Hong Kong Government for the two years ended 31 March 2006.

Mr. Yip Chun Kwok (葉振國先生), aged 43, is an executive Director and the Chief Financial Officer of the Company. Mr. Yip joined the Group in 2008. He is responsible for property related investments, financial planning and business management of the Group. He also holds other directorships in the Company's subsidiaries. Mr. Yip graduated from the University of Hong Kong with a Bachelor of Business Administration degree in 1996. He is a fellow of the Association of Chartered Accountants, an associate of the Hong Kong Institute of Certified Public Accountants, a member of each of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators and a CFA charter holder of the CFA Institute.

Non-Executive Director

Mr. Ng Tak Kwan (吳德坤先生), aged 63, is a non-executive Director of the Company. Mr. Ng graduated from the University of Calgary with a Bachelor of Science degree in civil engineering in 1978. Mr. Ng is currently an executive director of Sundart Holdings Limited, the securities of which are listed on the main board of the Stock Exchange.

Independent Non-Executive Directors

Mr. Ho Kwok Wah, George (何國華先生), aged 59, was appointed as an independent non-executive Director of the Company in February 2010. He also serves as chairman of the audit committee and the remuneration committee and a member of the nomination committee of the Company. Mr. Ho has over 20 years of experience in accounting and auditing. Mr. Ho is a practicing certified public accountant in Hong Kong and is currently the proprietor of George K.W. Ho & Co., Certified Public Accountants. Mr. Ho is also a director of the Hong Kong Commerce and Industry Associations Limited and the Hong Kong Shatin Industries and Commerce Association Limited. From 2001 to 2003, Mr. Ho was the president of the Hong Kong Institute of Accredited Accounting Technicians. Mr. Ho is currently an independent non-executive director of each of Town Health International Medical Group Limited (stock code: 3886), Belle International Holdings Limited (stock code: 1880) and PuraPharm Corporation Limited (stock code: 1498), the securities of which are listed on the main board of the Stock Exchange. Mr. Ho was also awarded the Medal of Honour on 1 July 2015 by the HKSAR.

Mr. To King Yan, Adam (杜景仁先生), aged 57, was appointed as an independent non-executive Director of the Company in August 2009. Mr. To is also a member of the audit committee and the remuneration committee of the Company. He graduated from the University of London with a Bachelor of Laws degree in 1983. He has been a practicing solicitor of the High Court of Hong Kong since 1986. He is also qualified to practice law in England and Wales and Australia and is a China Appointed Attesting Officer. He is currently a partner of K.B. Chau & Co., a firm of solicitors in Hong Kong with his practice focusing on conveyancing and litigation.

Mr. Wong Hoi Ki (黃開基先生), aged 63, was appointed as an independent non-executive Director of the Company in August 2009. Mr. Wong is also a member of the audit committee, the remuneration committee and the nomination committee of the Company. He is a Registered Professional Surveyor (General Practice) and has been practicing in the surveying profession for over 30 years. Mr. Wong is a Fellow of the Hong Kong Institute of Surveyors and a Member of the Royal Institution of Chartered Surveyors. He is the founder and at present the managing director of Memfus Wong Surveyors Limited, an estate surveying firm in Hong Kong. Over the years, he has served the profession by working on the General Council of the Hong Kong Institute of Surveyors as Honorary Secretary and Honorary Treasurer.

Senior Management

Mr. Lo Hoi Wah, Heywood (勞海華先生), aged 34, is our Financial Controller. Mr. Lo joined us in July 2012. He is responsible for overseeing the financial, accounting and banking activities of the Group and managing the trading business. He also holds other directorships in the Company's subsidiaries. Mr. Lo graduated from the University of Hong Kong with a Bachelor of Business Administration degree in 2005. He also graduated from the Hong Kong Polytechnic University in 2013 with a Master of Corporate Finance. Mr. Lo is a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining us, he has been working in an international audit firm and held senior finance and management position with a private company.

Ms. Yeung Man Yan, Megan (楊文欣女士), aged 34, is our Legal Counsel and Company Secretary. Ms. Yeung joined us in May 2010. She is responsible for overseeing the legal and compliance matters of the Group. Ms. Yeung is a Hong Kong qualified solicitor. Ms. Yeung graduated from the University of Hong Kong with a Bachelor of Laws in 2005 and a Postgraduate Certificate in Laws in 2006. She also graduated from Leiden University, the Netherlands in 2007 with an Advanced Studies Masters of Laws. Prior to joining us, she has been working in an international law firm.

The Directors are pleased to present their annual report and the audited consolidated financial statements for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The principal activities of its principal subsidiaries are set out in note 33 to the consolidated financial statements.

BUSINESS REVIEW

Discussion and review of the Group's business in accordance with Section 5 of the Hong Kong Companies Ordiannce (Chapter 622 of the Laws of Hong Kong) are provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the section headed "Management Discussion and Analysis" of this annual report. An indication of likely future development of the Group's business can be found in section headed "Chairman's Statement" of this annual report. All the above sections form part of this report.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognizes that employees, customers, suppliers and business partners are the keys to the sustainable development to the Group. The Group is committed to building a close and caring relationship with its employees and business partners, and improves the quality of services and products to the customers.

Employees are regarded as the most vital and valuable assets of the Group. The Group ensures all staff are reasonably remunerated and also continues to improve and regularly review and update its policies on remuneration and benefits, training, occupational health and safety.

The Group stays connected with its customers and suppliers and has ongoing communication with the customers and suppliers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions.

The Group also places effort to build up and maintain good relationship with various commercial banks as the Group's businesses are capital intensive and require on-going funding to maintain continuous growth.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to maintaining sustainable working practices and pays close attention to ensure all resources are efficiently utilized. Green office practices are encouraged in the operation of the Group's businesses, such as double-sided printing and copying, sending and presenting corporate documents or information to the members of the Board in electronic format, and reducing energy consumption by switching off idle lighting and electrical appliances. Further details can be found in the ESG Report.

COMPLIANCE WITH THE APPLICABLE LAWS AND REGULATIONS WHICH HAVE A SIGNIFICANT IMPACT TO THE GROUP

During the year, no non-compliance with the relevant laws and regulations that have a significant impact of the Company was noted. In addition, discussion on the Group's compliance with the Corporate Governance Code is included in the Corporate Governance Report. Discussion on the Group's compliance with the relevant environmental and social policies, laws and regulations are included in the ESG Report.

RISK MANAGEMENT

Under the Group's internal control and risk management framework, the Board has entrusted the Audit Committee with the responsibility to review the internal control and risk management systems of the Group. The Group is exposed to key risk factors including business risks, operational risks and financial risks.

BUSINESS RISKS

The Group operates mainly in Hong Kong, the People's Republic of China, the United States of America and the United Kingdom. The economic and market conditions including property market sentiment and property values, legislative and regulatory changes, government policies and political considerations in the various regions may have impact on the Group's operating results and financial conditions.

OPERATIONAL RISKS

The Group's operation is subject to a number of risk factors distinctive to property development, property investment and property related businesses. Default on the part of our buyers, tenants and strategic business partners, and inadequacies or failures of internal processes, people and systems or other external factors may have various levels of negative impact on the Group's operation.

FINANCIAL RISKS

The Group is subject to financial risks in the normal course of business. Details are set out in note 27 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2017 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 43 and 44.

No interim dividend had been declared to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK3 cents per share to the shareholders on the register of members on 14 September 2017, amounting to approximately HK$14,323,000.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 108.

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

OTHER PROPERTIES, PLANT AND EQUIPMENT

Details of movements during the year in the other properties, plant and equipment of the Group are set out in note 12 to the consolidated financial statements.

BANK BORROWINGS

Details of bank borrowings are set out in note 23 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 26 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2017 comprised:

	HK$'000
Share premium	469,130
Retained profits	661,005
	1,130,135

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its articles of association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's articles of association, dividends shall be distributed out of the retained profits or other reserves, including the share premium account of the Company.

Details of movements during the year in the share premium and reserves of the Group are set out in note 26(b) to the consolidated financial statements.

DIRECTORS

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

Executive Directors
Mr. CHAN William *(Chairman and Chief Executive Officer)*
Mr. YIP Chun Kwok *(Chief Financial Officer)*

Non-executive Director
Mr. NG Tak Kwan

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

Notes: Mr. YIP Chun Kwok and Mr. HO Kwok Wah, George shall retire, and being eligible, offer themselves for re-election at the forthcoming 2017 annual general meeting ("AGM") pursuant to the Company's articles of association.

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

DIRECTORS' PROFILES

Details of the Directors' profiles are set out in the "Profiles of Directors and Senior Management" of this Annual Report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors a confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and has duly reviewed the confirmation of independence of each of these Directors. The Company considers that all of the independent non-executive directors are independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming AGM has a service agreement with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

Save for service contracts with the Directors, no contract by which a person undertakes the management and the administration of the whole or any substantial part of the Company's business was entered into or subsisted during the year.

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

As at 31 March 2017, the interests and short positions of the directors and chief executives of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Name	Long/Short position	Capacity	Number of shares	Approximate percentage of the issued share capital of the Company
CHAN William	Long	Interest in a controlled corporation (1)	97,104,000	20.34
	Long	Other interest (2)	97,104,000	20.34
	Long	Beneficial owner	18,500,000	3.87
			212,708,000	44.55
NG Tak Kwan	Long	Beneficial owner	68,724,000	14.39

Notes:

1. Tiger Crown Limited, which beneficially owned 97,104,000 shares of the Company is 100% owned by Rykadan Holdings Limited which in turn is 100% held by HSBC International Trustee Limited as the trustee of Rykadan Trust. CHAN William is the settlor and protector and one of the discretionary beneficiaries of Rykadan Trust.

2. Since Tiger Crown Limited, Scenemay Holdings Limited, CHAN William, LI Chu Kwan and LI Wing Yin are regarded as a group of shareholders acting in concert to exercise their voting rights in the Company, pursuant to the provisions of the SFO, each of them is deemed to be interested in the 97,104,000 shares of the Company owned or deemed to be interested by each other. Hence, CHAN William is also deemed to be interested in the 97,104,000 shares of the Company owned by Scenemay Holdings Limited

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

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2017, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following substantial shareholders (other than the directors and chief executives of the Company) had notified the Company of relevant interests in the issued share capital of the Company:

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

Notes:

1. Tiger Crown Limited, which beneficially owned 97,104,000 shares of the Company, is 100% owned by Rykadan Holdings Limited which in turn is 100% held by HSBC International Trustee Limited as the trustee of Rykadan Trust. CHAN William is the settlor and protector and one of the discretionary beneficiaries of Rykadan Trust.

2. Since Tiger Crown Limited, Scenemay Holdings Limited, CHAN William, LI Chu Kwan and LI Wing Yin are regarded as a group of shareholders acting in concert to exercise their voting rights in the Company, pursuant to the provisions of the SFO, each of them is deemed to be interested in the 97,104,000 shares of the Company owned or deemed to be interested by each other.

3. As the entire issued share capital of Scenemay Holdings Limited is owned by LI Chu Kwan and LI Wing Yin in equal shares, each of LI Chu Kwan and LI Wing Yin is deemed to be interested in the 97,104,000 shares of the Company owned by Scenemay Holdings Limited.

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

SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

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

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

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

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

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

As at 31 March 2017, no share option under the Scheme had been granted.

ARRANGEMENT TO PURCHASE SHARES OF DEBENTURES

At no time during the year was the Company, or any of its subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CONNECTED TRANSACTIONS

During the year, save as disclosed below or other de minimis transactions as disclosed in note 32 to the consolidated financial statements, the Company has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of rule 14A.49 of the Listing Rules.

(A) Continuing Connected Transactions

Mr. Cheng Hei Ming ("Mr. Cheng") is a director of both 美邦啓立光電科技(上海)有限公司 ("Bestlinkage") and Power City Investments Limited ("Power City") (both of them are indirect subsidiaries of the Company). In view of Mr. Cheng's indirect interest in Kailong Holdings Limited ("KLR Holdings") which is approximately 36.24%, 上海凱龍瑞項目投資諮詢有限公司 (Kailong REI Project Investment Consulting (Shanghai) Co., Ltd.) ("KLR Shanghai") and Kailong Investment Management Limited ("Kailong Investment Management") both, being subsidiaries of KLR Holdings, are associates of Mr. Cheng. Prior to 26 September 2014, both KLR Shanghai and Kailong Investment Management were not connected persons of the Company pursuant to the Listing Rules, and thus the Asset Management Services and the Investment Management Services were not connected transactions of the Company. Since KLR Shanghai and Kailong Investment Management have ceased to be non wholly-owned subsidiaries on 26 September 2014, KLR Shanghai and Kailong Investment Management have become connected persons of the Company since that date. Accordingly, (a) the provision of the Asset Management Services by KLR Shanghai to Bestlinkage pursuant to the Asset Management Agreement; and (b) the provision of the Investment Management Services by Kailong Investment Management to Power City pursuant to the Investment Management Agreement have, since 26 September 2014, become continuing connected transactions of the Company.

Asset Management Agreement between Bestlinkage and KLR Shanghai

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

It was previously agreed that KLR Shanghai is entitled to a fee equal to the annual amount of RMB1,124,537, to be paid quarterly in advance; provided however that the right to receive the fee shall terminate on the date of termination or resignation of KLR Shanghai except with respect to any previously accrued and unpaid fees and any indemnification owed to KLR Shanghai in accordance with the Asset Management Agreement.

On 8 April 2016, it was agreed that with effect from 1 October 2015, the Asset Management Fee payable to KLR Shanghai shall be temporarily reduced to 30% of the Asset Management Fee and the remaining 70% shall be payable upon exit of the relevant project by Bestlinkage which results in a 15% IRR for Bestlinkage.

For the year ended 31 March 2017, the actual amount paid by the Group to KLR Shanghai for the asset management services rendered was RMB337,361.

Investment Management Agreement between Power City and Kailong Investment Management

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

It was previously agreed that Kailong Investment Management is entitled to the following remuneration for the provision of the Investment Management Services:-

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

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

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

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

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

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

On 8 April 2016, it was agreed that with effect from 1 October 2015, the Investment Advisory Fee payable to Kailong Investment Management shall be temporarily reduced to 30% of the Investment Advisory Fee and the remaining 70% shall be payable upon exit of the relevant project by Bestlinkage which results in a 15% IRR for Power City.

For the year ended 31 March 2017, the actual amount paid by the Group to Kailong Investment Management for the investment management services rendered was RMB337,361.

Pursuant to rule 14A.55 of the Listing Rules, the above continuing connected transactions have been reviewed by the independent non-executive Directors of the Company, all of whom have confirmed that these continuing connected transactions carried out during the year ended 31 March 2017 were:

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

(ii) on normal commercial terms; and

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

The Asset Management Agreement and the Investment Management Agreement are entered prior to KLR Holdings ceased to be a subsidiary of the Company. As a result, they have not been then approved by the Board and no cap has been set for these continuing connected transactions.

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

Saved as disclosed above, significant related party transactions entered by the Group during the year, which do not constitute connected transactions under the Listing Rules are disclosed in note 32 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

Save as disclosed under heading "Connected Transactions" in this report and the related party transactions in note 32 to the consolidated financial statements, no other transactions, arrangement or contracts of significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EQUITY-LINKED AGREEMENT

Other than the information disclosed in this directors' report and the consolidated financial statements, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the financial year under review.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the articles of association of the Company, the Directors of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty, in their respective offices or trusts.

The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Company throughout the year.

COMPETING BUSINESS

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

EMOLUMENT POLICY

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

RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit schemes are set out in note 28 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

In relation to the financial assistance granted by the Group to certain affiliated companies, a proforma combined balance sheet of the affiliated companies as at 31 March 2017 required to be disclosed under Rule 13.22 of the Listing Rules is set out below:

	HK$'000
Non-current assets	2,113
Current assets	1,377,258
Current liabilities	(919,450)
Non-current liabilities	(459,556)
Net assets	365
Share capital	1
Reserves	364
Capital and reserves	365

As at 31 March 2017, the Group's attributable interests in these affiliated companies amounted to HK$7,914,000.

CHARITABLE DONATIONS

Donations made by the Group during the year for charitable amounted to HK$89,000 (2016: HK$159,000).

MAJOR CUSTOMERS, SUBCONTRACTORS AND SUPPLIERS

For the year, the five largest customers of the Group accounted for 31% of the Group's total revenue and total revenue from the largest customer included therein accounted for 19%. The aggregate purchase attributable to the five largest suppliers of the Group during the year was accounted for 80% of the total purchases of the Group and the largest supplier included therein accounted for 36%.

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

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

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

CORPORATE GOVERNANCE

The Corporate Governance Report is set out on pages 10 to 17.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report is set out on pages 18 to 25.

AUDITOR

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

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

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

Hong Kong, 14 June 2017

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

OPINION

We have audited the consolidated financial statements of Rykadan Capital Limited ("the Company") and its subsidiaries ("the Group") set out on pages 43 to 107, which comprise the consolidated statement of financial position as at 31 March 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon and, we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Valuation of investment properties

Refer to accounting policy 2(g) and note 11 to the consolidated financial statements

The key audit matter

The Group holds investment properties which accounted for 27% of the Group's total assets as at 31 March 2017. These investment properties principally comprised office premises and industrial complexes in Hong Kong and Mainland China.

The fair values of investment properties as at 31 March 2017 were assessed by the board of directors based on independent valuations prepared by qualified external property valuers. The net change in fair value of investment properties recorded in the consolidated income statement represented 53% of the Group's profit before taxation for the year ended 31 March 2017.

One of the key drivers of the valuation of investment properties is rental income which can be volatile, particularly in light of the current economic climate and market demand for office premises in Mainland China.

We identified valuation of investment properties as a key audit matter because of the significance of investment properties to the Group's total assets and because a small adjustment to or variances in the assumptions and data used to compute the valuation of individual properties, when aggregated, could have a significant impact on the Group's profit before taxation and also because the valuation of investment properties is inherently subjective and requires significant judgement and estimation, particularly in determining market rents and capitalisation rates.

How the matter was addressed in our audit

Our audit procedures to assess the valuation of investment properties included the following:

- assessing the qualifications of the external property valuers, their experience and expertise in the properties being valued and considering their objectivity and independence;
- obtaining and inspecting the valuation reports prepared by the external property valuers engaged by the Group and on which the directors' assessment of the fair values of investment properties was based;
- with the assistance of our internal property valuation specialists, discussing with the external property valuers and assessing their valuation methodologies with reference to recognised industry standards;
- challenging the key estimates and assumptions adopted in the valuations, including the capitalisation rates, prevailing market rents and comparable market transactions, by comparing these against market available data and government produced market statistics; and
- comparing the data inputs underpinning the valuations for investment properties where the valuation was determined using discounted cash flow method, including tenancy information, committed rents, available space (square foot) details and occupancy rates, with lease contracts and related underlying documentation.

KEY AUDIT MATTERS (Continued)

Assessing the net realisable value of properties for sale

Refer to accounting policy 2(k)(ii) and note 15 to the consolidated financial statements

The key audit matter

As at 31 March 2017, the Group had a number of property development projects located in Hong Kong, the United Kingdom ("U.K.") and the United States of America ("U.S.A.") which were stated at the lower of cost and net realisable value with an aggregate carrying amount of HK$618 million, which represented 37% of the Group's total assets at that date.

The determination of the net realisable value of property development projects requires significant management judgement and estimation, in particular in relation to expected future selling prices and the costs necessary to complete each property development project. In addition, the slowdown in economic activity might exert downward pressure on transaction volumes and property prices in Hong Kong, the U.K. and the U.S.A. which could lead to future trends in these markets departing from known trends based on past experience.

We identified the assessment of the net realisable value of properties for sale as a key audit matter because of the significance of these properties to the Group's total assets and because the estimation of the costs to complete each property development project and the expected future selling prices can be inherently subjective and requires significant management judgement and estimation which increase the risk of error or potential management bias.

How the matter was addressed in our audit

Our audit procedures to assess the net realisable value of properties for sale included the following:

- discussing with management to understand their basis of calculation and justification for the estimated recoverable amounts of the related properties ("the NRV assessment");
- evaluating the design and implementation of the Group's internal controls over the NRV assessment. Our evaluation included assessing whether the NRV assessment was prepared and updated by appropriate personnel of the Group and whether the key estimates, including estimated future selling prices and costs of completion for all property development projects, used in the NRV assessment, were discussed and challenged by management as appropriate;
- conducting site visits to all property development sites and discussing with management the progress of each project and comparing the observed progress with the latest development budgets for each property development project provided by management;
- evaluating the management's valuation methodology and assessing the key estimates, data inputs and assumptions adopted in the valuations, which included comparing expected future average selling prices with available market data such as recently transacted prices for similar properties located in the nearby vicinity of each property development project and comparing costs to complete each property development project with publicly available construction cost information for similar properties (taking into account both property type and location) and the sales budget plans maintained by the Group;
- re-performing the calculations of the NRV assessment and comparing the estimated construction costs to complete each development with the Group's updated budgets; and
- performing sensitivity analyses to determine the extent of change in those estimates that would be required for properties for sale to be materially misstated and considering the likelihood of such a movement in those key estimates arising and whether there was any evidence of management bias.

KEY AUDIT MATTERS (Continued)

Impairment of trade receivables

Refer to accounting policies 2(j) and 2(l) and note 17 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
As at 31 March 2017, the Group had significant trade receivables which comprised a large number of individual balances, several of which were material to the consolidated financial statements. The recoverability of trade receivables is dependent on the credit worthiness of customers and their ability to settle the amounts due. These factors, together with the potential for customer insolvency, result in a risk that trade receivables may not be recovered. Trade receivables are initially recognised at fair value and thereafter stated at amortised cost using effective interest method, less allowances for doubtful debts. As at 31 March 2017, the allowances for doubtful debts amounted to HK$16 million. Management assessed that it was unlikely that these balances would be recovered and, accordingly, specific allowances were made for these receivables. We identified the impairment of trade receivables as a key audit matter because of the inherent uncertainty and management judgement involved in assessing the level of allowances and because of its significance to the financial results of the Group.	Our audit procedures to assess the impairment of the trade receivables included the following: • assessing the design, implementation and operating effectiveness of key internal controls over credit evaluation, the trade receivables collection processes and the measurement of allowances for individual trade receivables; • evaluating the Group's allowances for doubtful debts by reviewing correspondence with the customers and challenging management's assumptions in respect of the ability of customers to pay with reference to the historical trading experience of the customers, their settlement history with the Group, their financial condition and subsequent receipts of cash after 31 March 2017 in respect of the outstanding trade receivable balances at that date; • assessing the Group's policy for making allowances for doubtful debts with reference to the requirements of the prevailing accounting standards and re-performing the calculation based on the criteria and other parameters on which the Group's policy for making allowances for doubtful debts was based; and • assessing the historical accuracy of the Group's allowances for doubtful debts by examining the utilisation or release of allowances recorded as at 31 March 2016 and the creation of any new allowances during the current year in respect of trade receivables as at 31 March 2016.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND OUR AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheng Pui Ngar.

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

14 June 2017

For the year ended 31 March 2017
(Expressed in Hong Kong dollars)

	Note	2017 $'000	2016 $'000
Revenue	*4*	**602,325**	153,108
Cost of sales and services		**(464,213)**	(115,063)
Gross profit		**138,112**	38,045
Other revenue	*5(a)*	**4,605**	6,985
Other net (loss)/income	*5(b)*	**(21,815)**	4,600
Selling and marketing expenses		**(18,469)**	(36,002)
Administrative and other operating expenses		**(75,731)**	(94,722)
Gain on disposal of interest in an associate	*13(b)*	**–**	8,713
Profit/(loss) from operations		**26,702**	(72,381)
Increase/(decrease) in fair value of investment properties	*11*	**32,843**	(9,124)
		59,545	(81,505)
Finance costs	*6(a)*	**(6,723)**	(6,126)
Share of profit less loss of associates	*13(b)*	**–**	1,115
Share of profits of joint ventures	*14*	**9,240**	282
Profit/(loss) before taxation	*6*	**62,062**	(86,234)
Income tax	*7*	**(7,677)**	(5,402)
Profit/(loss) for the year		**54,385**	(91,636)
Attributable to:			
Equity shareholders of the Company		**53,510**	(83,363)
Non-controlling interests		**875**	(8,273)
Profit/(loss) for the year		**54,385**	(91,636)
Earnings/(loss) per share	*10*		
Basic and diluted		**11.2 cents**	(17.5) cents

The notes on pages 49 to 107 form part of these consolidated financial statements. Details of dividend payable to equity shareholders of the Company attributable to the profit for the year are set out in note 26(c).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017
(Expressed in Hong Kong dollars)

	Note	2017 $'000	2016 $'000
Profit/(loss) for the year		**54,385**	(91,636)
Other comprehensive income for the year (after tax and reclassification adjustments):			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		**(11,321)**	(11,863)
– Share of translation reserve of an associate		**–**	(410)
– Release of translation reserve upon disposal of interest in an associate	*13(b)*	**–**	425
Other comprehensive income for the year		**(11,321)**	(11,848)
Total comprehensive income for the year		**43,064**	(103,484)
Comprehensive income for the year attributable to:			
Equity shareholders of the Company		**46,754**	(91,413)
Non-controlling interests		**(3,690)**	(12,071)
Total comprehensive income for the year		**43,064**	(103,484)

The notes on pages 49 to 107 form part of these consolidated financial statements.

At 31 March 2017
(Expressed in Hong Kong dollars)

	Note	2017 $'000	2016 $'000
Non-current assets			
Investment properties	11	458,773	430,583
Other properties, plant and equipment	12	56,481	61,512
Interests in associates	13	106,797	106,797
Interests in joint ventures	14	69,328	13,785
Other receivables, deposits and prepayments	17(b)	683	5,231
		692,062	617,908
Current assets			
Properties for sale	15	618,438	789,612
Inventories	16	65,339	71,203
Trade receivables	17(a)	136,046	46,708
Other receivables, deposits and prepayments	17(b)	17,752	63,607
Trading securities	18	–	20,473
Amounts due from joint ventures	14	–	1,156
Cash held by stakeholders	19	17,023	226,062
Bank deposits and cash on hand	20(a)	124,721	132,099
Taxation recoverable	7(d)	–	4,730
		979,319	1,355,650
Current liabilities			
Trade and other payables	21	56,803	61,928
Deposits received from sale of properties	22	8,688	261,991
Bank loans	23	229,345	295,809
Loans from non-controlling shareholders	24	76,248	75,207
Taxation payable	7(d)	5,492	–
		376,576	694,935
Net current assets		602,743	660,715

At 31 March 2017
(Expressed in Hong Kong dollars)

	Note	2017 $'000	2016 $'000
Total assets less current liabilities		**1,294,805**	1,278,623
Non-current liabilities			
Bank loans	*23*	**137,843**	151,137
Deferred tax liabilities	*25(a)*	**12,446**	11,711
		150,289	162,848
NET ASSETS		**1,144,516**	1,115,775
CAPITAL AND RESERVES	*26*		
Share capital		**4,774**	4,774
Reserves		**1,107,675**	1,075,244
Total equity attributable to equity shareholders of the Company		**1,112,449**	1,080,018
Non-controlling interests		**32,067**	35,757
TOTAL EQUITY		**1,144,516**	1,115,775

Approved and authorised for issue by the board of directors on 14 June 2017.

CHAN William	**YIP Chun Kwok**
Director	*Director*

The notes on pages 49 to 107 form part of these consolidated financial statements.

For the year ended 31 March 2017
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company					
		Share capital	Other reserves (Note 26(b))	Retained profits (Note 26(b))	Total	Non-controlling interests	Total equity
	Note	$'000	$'000	$'000	$'000	$'000	$'000
At 1 April 2015		4,774	591,101	602,567	1,198,442	53,767	1,252,209
Changes in equity for the year:							
Loss for the year		–	–	(83,363)	(83,363)	(8,273)	(91,636)
Other comprehensive income		–	(8,050)	–	(8,050)	(3,798)	(11,848)
Total comprehensive income for the year		–	(8,050)	(83,363)	(91,413)	(12,071)	(103,484)
Dividend declared in respect of the prior year	*26(c)*	–	–	(23,872)	(23,872)	–	(23,872)
Dividend paid to non-controlling shareholders		–	–	–	–	(9,800)	(9,800)
Equity settled share-based transactions	*26(e)*	–	1,880	–	1,880	–	1,880
Compensation on cancellation of share option	*26(e)*	–	(6,670)	–	(6,670)	–	(6,670)
Partial disposal of interests in subsidiaries without loss of control	*29(a)*	–	1,428	–	1,428	4,084	5,512
Acquisition of additional interest in a subsidiary	*29(b)*	–	223	–	223	(223)	–
Transfer from capital reserve	*26(e)*	–	(9,385)	9,385	–	–	–
Transfer to statutory reserve		–	1,068	(1,068)	–	–	–
Release of special reserve to retained profits	*26(b)(ii)(v)*	–	(67,300)	67,300	–	–	–
At 31 March 2016 and 1 April 2016		4,774	504,295	570,949	1,080,018	35,757	1,115,775
Changes in equity for the year:							
Profit for the year		–	–	53,510	53,510	875	54,385
Other comprehensive income		–	(6,756)	–	(6,756)	(4,565)	(11,321)
Total comprehensive income for the year		–	(6,756)	53,510	46,754	(3,690)	43,064
Dividend declared in respect of the prior year	*26(c)*	–	–	(14,323)	(14,323)	–	(14,323)
At 31 March 2017		4,774	497,539	610,136	1,112,449	32,067	1,144,516

The notes on pages 49 to 107 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2017
(Expressed in Hong Kong dollars)

	Note	2017 $'000	2016 $'000
Cash generated from/(used in) operations	*20(b)*	**116,854**	(200,263)
Interest paid		**(12,406)**	(9,831)
Hong Kong Profits Tax refunded/(paid), net		**3,010**	(5,346)
PRC Enterprise Income Tax and overseas tax paid, net		**(1,320)**	(9,798)
Net cash generated from/(used in) operating activities		**106,138**	(225,238)
Investing activities			
Additions to investment properties		**(100)**	–
Purchases of other properties, plant and equipment		**(152)**	(2,069)
Proceeds from disposal of other properties, plant and equipment		**44**	11
Purchase of trading securities		**–**	(18,979)
Proceeds from disposal of trading securities		**27,570**	19,899
Proceeds from disposal of interest in an associate	*13(b)*	**–**	29,264
Dividend received from an associate	*13*	**–**	3,856
Proceeds from partial disposal of interests in subsidiaries without loss of control	*29(a)*	**–**	1,513
Advances to joint ventures		**(46,331)**	–
Interest received		**166**	4,280
Dividend income from trading securities		**472**	–
Increase in pledged bank deposit		**(422)**	–
Net cash (used in)/generated from investing activities		**(18,753)**	37,775
Financing activities			
Proceeds from new bank loans		**275,367**	263,649
Repayments of bank loans		**(352,811)**	(91,976)
Dividend paid to non-controlling shareholders		**–**	(9,800)
Loans from non-controlling shareholders		**6,290**	5,198
Repayment of loan to a non-controlling shareholder		**(5,284)**	–
Increase in amount due from an associate		**–**	(106,797)
Dividend paid		**(14,323)**	(23,872)
Net cash (used in)/generated from financing activities		**(90,761)**	36,402
Net decrease in cash and cash equivalents		**(3,376)**	(151,061)
Cash and cash equivalents at the beginning of the year		**132,099**	279,544
Effect of foreign exchange rate changes		**(4,424)**	3,616
Cash and cash equivalents at the end of the year	*20(a)*	**124,299**	132,099

The notes on pages 49 to 107 form part of these consolidated financial statements.

1 GENERAL

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

The Company acts as an investment holding company and provides corporate management services. The principal activities of its principal subsidiaries are set out in note 33.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

(i) These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Significant accounting policies adopted by the Group are disclosed below.

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

(b) Basis of preparation of the financial statements

(i) The consolidated financial statements for the year ended 31 March 2017 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

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

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(m) and 2(n) depending on the nature of the liability.

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see note 2(e)).

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

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Associates and joint ventures

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

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

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

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

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

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

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

(f) Trading securities

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below.

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(s)(v) and 2(s)(vi).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investment properties

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

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(s)(iv).

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

(h) Other properties, plant and equipment

The following items of other properties, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(j)):

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

– other items of plant and equipment.

Gains or losses arising from the retirement or disposal of an item of other properties, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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

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

– Leasehold improvements	3-10 years
– Furniture, fixtures and equipment	3-7 years

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

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Leased assets

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

(i) Classification of assets leased to the Group

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

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

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

(ii) Assets acquired under finance leases

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

(iii) Operating lease charges

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment of assets

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

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

– significant financial difficulty of the debtor;

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

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

– For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(j)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(j)(ii).

– For trade and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

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

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment of assets (Continued)

(ii) Impairment of other assets

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

– other properties, plant and equipment; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

– Reversals of impairment losses

In respect of assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(j)(i) and (ii)).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Inventories

(i) Construction and interior decorative materials

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

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

(ii) Property development

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

– Properties under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 2(u)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– Completed properties held for sale

In the case of completed properties held for sale developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the properties to their present location and condition.

(l) Trade and other receivables

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

(m) Interest-bearing borrowings

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

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Trade and other payables

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

(o) Cash and cash equivalents

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

(p) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

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

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

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Income tax

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Income tax (Continued)

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

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

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

  - the same taxable entity; or

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

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

(ii) Other provisions and contingent liabilities

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Revenue recognition

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

(i) Sales of properties

Revenue arising from the sales of properties held for sale is recognised when the risks and rewards of ownership of the properties have passed to the buyers. The Group considers that the risks and rewards of ownership are transferred when the properties are completed and delivered to the buyers. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under deposits received from sale of properties.

(ii) Sales of goods

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

(iii) Service income

Service income is recognised when relevant services are provided. Service income is recognised net of business tax and value added tax.

(iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned. Rental income is recognised net of business tax and value added tax.

(v) Dividends

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(vi) Interest income

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

(t) Translation of foreign currencies

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Related parties

(1) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group.

(2) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (1).
- (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Sources of estimation uncertainty

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(i) Valuation of investment properties

Investment properties are included in the consolidated statement of financial position at their market value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. The market value of investment properties is assessed semi-annually by independent qualified valuers, after taking into consideration the net rental income, other available market survey reports and comparable sales evidences as available on the market.

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

(ii) Assessment of net realisable value of properties under development for sale and completed properties held for sale

Management's assessment of net realisable value of properties under development for sale and completed properties held for sale requires significant management judgement and estimation, in particular in relation to expected future selling prices by reference to recent sale transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales), the expected costs to completion of properties, the legal and regulatory framework and general market conditions. The Group's estimates may be inaccurate, and estimates may need to be adjusted in later periods.

(iii) Impairment of trade receivables

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

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are property development, property investment and hospitality operations and distribution of construction and interior decorative materials.

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

	2017 $'000	2016 $'000
Sales of completed properties	**356,104**	24,868
Distribution of construction and interior decorative materials	**239,855**	121,974
Rental income	**6,366**	6,167
Hospitality service fees	**–**	99
	602,325	153,108

The Group's customer base is diversified and includes only one customer (2016: two customers) with whom transactions have exceeded 10% of the Group's revenue.

For the year ended 31 March 2017, revenue from distribution of construction and interior decorative materials to this customer, including sales to entities which are known to the Group to be under common control of this customer, amounted to approximately $114,265,000. Details of concentration of credit risk arising from this customer are set out in note 27(a).

For the year ended 31 March 2016, revenue from sales of completed properties to a customer amounted to approximately $24,868,000 and revenue from distribution of construction and interior decorative materials to another customer, including sales to entities which are known to the Group to be under common control of this customer, amounted to $70,934,000.

(b) Segment reporting

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

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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

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

- Distribution of construction and interior decorative materials – This segment derives its revenue from distribution of stone composite surfaces products in the Greater China region and a license to use the relevant trademark in connection therewith.

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment profit/(loss) represents profit earned by/(loss from) each segment, excluding income and expenses of the corporate function, such as certain other revenue and other net (loss)/income, certain administrative and other operating expenses, gain on disposal of interest in an associate, increase/(decrease) in fair value of investment properties, net unrealised gain on trading securities, gain on disposal of trading securities, finance costs, share of profit less loss of associates and share of profits of joint ventures.

All assets are allocated to operating segments other than certain other properties, plant and equipment, interests in associates, interests in joint ventures, certain other receivables, deposits and prepayments, trading securities, amounts due from joint ventures and bank deposits and cash on hand that are not managed directly by segments.

All liabilities are allocated to operating segments other than certain other payables, loans from non-controlling shareholders, certain bank loans and deferred tax liabilities that are not managed directly by segments.

In addition, management is provided with segment results and other information concerning revenue (including inter-segment sales), additions of and transfers to other properties, plant and equipment (including investment properties at fair value), depreciation of other properties, plant and equipment and loss on disposal of other properties, plant and equipment. Inter-segment sales are priced with reference to prices charged to external parties for similar services.

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4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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

Segment results

For the year ended 31 March 2017

	Property development $'000	Property investment and hospitality operations $'000	Distribution of construction and interior decorative materials $'000	Elimination $'000	Total $'000
Revenue					
External revenue	356,104	6,366	239,855	–	602,325
Inter-segment revenue	–	4,161	–	(4,161)	–
Total	356,104	10,527	239,855	(4,161)	602,325
Segment profit/(loss) from operations	57,995	(2,389)	35,930	–	91,536
Corporate expenses					(73,769)
Corporate income					1,838
Increase in fair value of investment properties					32,843
Gain on disposal of trading securities					7,097
Finance costs					(6,723)
Share of profits of joint ventures					9,240
Profit before taxation					62,062

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4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Segment results (Continued)

For the year ended 31 March 2016

	Property development $'000	Property investment and hospitality operations $'000	Distribution of construction and interior decorative materials $'000	Elimination $'000	Total $'000
Revenue					
External revenue	24,868	6,266	121,974	–	153,108
Inter-segment revenue	–	3,753	–	(3,753)	–
Total	24,868	10,019	121,974	(3,753)	153,108
Segment (loss)/profit from operations	(39,974)*	(5,625)	4,775	–	(40,824)
Corporate expenses					(66,567)
Corporate income					4,904
Gain on disposal of interest in an associate					8,713
Decrease in fair value of investment properties					(9,124)
Net unrealised gain on trading securities					12,327
Gain on disposal of trading securities					9,066
Finance costs					(6,126)
Share of profit less loss of associates					1,115
Share of profits of joint ventures					282
Loss before taxation					(86,234)

* Segment loss was primarily attributable to the selling and marketing costs incurred in relation to pre-sale of properties.

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4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Segment assets and liabilities

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

	2017 $'000	2016 $'000
Segment assets		
Property development	646,871	1,018,708
Property investment and hospitality operations	460,689	433,025
Distribution of construction and interior decorative materials	203,792	145,719
Total segment assets	1,311,352	1,597,452
Other properties, plant and equipment	54,710	58,274
Interests in associates	106,797	106,797
Interests in joint ventures	69,328	13,785
Other receivables, deposits and prepayments	4,473	43,522
Trading securities	–	20,473
Amounts due from joint ventures	–	1,156
Bank deposits and cash on hand	124,721	132,099
Total consolidated assets of the Group	1,671,381	1,973,558
Segment liabilities		
Property development	203,547	557,836
Property investment and hospitality operations	128,659	146,172
Distribution of construction and interior decorative materials	71,811	40,060
Total segment liabilities	404,017	744,068
Other payables	4,154	6,797
Loans from non-controlling shareholders	76,248	75,207
Bank loans	30,000	20,000
Deferred tax liabilities	12,446	11,711
Total consolidated liabilities of the Group	526,865	857,783

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Other segment information

For the year ended 31 March 2017

	Property development $'000	Property investment and hospitality operations $'000	Distribution of construction and interior decorative materials $'000	Segment total $'000	Unallocated $'000	Total $'000
Amounts included in the measure of segment results or segment assets:						
Additions of and transfers to other properties, plant and equipment (including investment properties at fair value)	–	37,200	56	37,256	96	37,352
Depreciation of other properties, plant and equipment	–	–	(876)	(876)	(3,661)	(4,537)
Loss on disposal of other properties, plant and equipment	–	–	(480)	(480)	–	(480)

For the year ended 31 March 2016

	Property development $'000	Property investment and hospitality operations $'000	Distribution of construction and interior decorative materials $'000	Segment total $'000	Unallocated $'000	Total $'000
Amounts included in the measure of segment results or segment assets:						
Additions of and transfers to other properties, plant and equipment (including investment properties at fair value)	–	2,400	1,237	3,637	9,048	12,685
Depreciation of other properties, plant and equipment	–	(16)	(1,015)	(1,031)	(3,464)	(4,495)
Loss on disposal of other properties, plant and equipment	–	(50)	(1)	(51)	–	(51)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Geographical information

Management has categorised revenue by location at which the services were provided or the goods were delivered as follows:

	2017 $'000	2016 $'000
Hong Kong	360,606	8,189
The PRC	241,719	118,991
Others	–	25,928
	602,325	153,108

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

	2017 $'000	2016 $'000
Hong Kong	197,603	153,617
The PRC	326,248	338,478
Others	15,083	13,785
	538,934	505,880

5 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

	2017 $'000	2016 $'000
(a) Other revenue		
Income from forfeiture of property sales deposits	1,847	1,093
Dividend income from trading securities	472	–
Interest income	166	4,280
Others	2,120	1,612
	4,605	6,985
(b) Other net (loss)/income		
Gain on disposal of trading securities	7,097	9,066
Net unrealised gain on trading securities	–	12,327
Loss on disposal of other properties, plant and equipment	(480)	(51)
Net foreign exchange loss	(28,432)	(16,742)
	(21,815)	4,600

6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

	2017 $'000	2016 $'000
(a) Finance costs		
Interest on bank loans	12,285	9,831
Interest on loan from a non-controlling shareholder	121	–
Less: interest expenses capitalised into properties under development for sale (note)	(5,683)	(3,705)
	6,723	6,126

Note: Interest was capitalised at an average annual rate of approximately 2.6% (2016: 2.3%).

	2017 $'000	2016 $'000
(b) Staff costs		
Salaries, wages and other benefits	49,884	50,782
Contributions to defined contribution retirement plans (note 28)	1,167	1,317
Share-based payments (note 29(a))	–	1,230
Staff costs (including directors' remuneration)	51,051	53,329
(c) Other items		
Depreciation of other properties, plant and equipment (note 12)	4,537	4,495
Cost of inventories	171,394	81,923
Cost of properties for recognised sales	289,437	33,140
Operating lease payments in respect of leased properties	5,744	6,506
Rental receivable from investment properties less direct outgoings of $3,382,000 (2016: $1,337,000)	(2,984)	(4,830)
Impairment loss of trade receivables (note 17(a)(ii))	5,302	7,509
Reversal of allowance for doubtful debts (note 17(a)(ii))	(5,512)	–
Auditors' remuneration		
– audit services	1,508	1,450
– other services	1,182	69
Equity settled share-based payments (notes 26(e) & 29(a))	–	4,649

7 INCOME TAX

(a) Taxation in the consolidated income statement represents:

	2017 $'000	2016 $'000
Current tax		
Hong Kong Profits Tax		
– Provision for the year	1,610	5
– Over-provision in respect of prior year	–	(177)
	1,610	(172)
PRC Enterprise Income Tax ("EIT")	7,010	4,860
Withholding tax		
– Provision for the year	–	3,251
– Over-provision in respect of prior year	(3,251)	–
	(3,251)	3,251
Overseas tax		
– Provision for the year	–	43
– Over-provision in respect of prior years	(88)	–
	(88)	43
	5,281	7,982
Deferred tax		
Origination and reversal of temporary differences (note 25(a))	2,396	(2,580)
	7,677	5,402

The provision for Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits for the year ended 31 March 2017.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC EIT tax rate is 25% (2016: 25%) for the year ended 31 March 2017.

Withholding tax at a rate of 10% is levied on the gain derived from the disposal of interest in an associate in the PRC by a Hong Kong subsidiary.

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

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7 INCOME TAX (Continued)

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

	2017 $'000	2016 $'000
Profit/(loss) before taxation	**62,062**	(86,234)
Notional tax on profit/(loss) before taxation, calculated at rates applicable to profit/(loss) in the countries concerned	**13,796**	828
Tax effect of share of profit less loss of associates	**–**	(184)
Tax effect of share of profits of joint ventures	**(1,531)**	(48)
Tax effect of non-deductible expenses	**2,977**	7,042
Tax effect of non-taxable income	**(867)**	(12,668)
Tax effect of unused tax losses not recognised	**4,948**	12,248
Utilisation of tax losses previously not recognised	**(6,648)**	(1,688)
Others	**(1,659)**	49
Over-provision in respect of prior years	**(3,339)**	(177)
Actual tax expense	**7,677**	5,402

(c) Share of associates' taxation and joint ventures' taxation for the year ended 31 March 2017 of $Nil (2016: $22,000) and of $1,919,000 (2016: $Nil) respectively is included in the share of profit less loss of associates and share of profits of joint ventures respectively.

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

	2017 $'000	2016 $'000
Provision for Hong Kong Profits Tax for the year	**1,610**	5
Provisional Profits Tax paid	**–**	(5)
	1,610	–
Balance of Hong Kong Profits Tax recoverable relating to prior year	**–**	(3,010)
	1,610	(3,010)
PRC EIT payable/(recoverable)	**3,882**	(1,808)
Overseas tax payable	**–**	88
Taxation payable/(recoverable)	**5,492**	(4,730)

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8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus (note (c))	Retirement benefit scheme contributions	Total
	$'000	$'000	$'000	$'000	$'000
For the year ended 31 March 2017					
Executive directors:					
Mr. Chan William (note (a))	–	12,000	8,000	18	20,018
Mr. Yip Chun Kwok	–	3,000	500	18	3,518
Non-executive director:					
Mr. Ng Tak Kwan (note (b))	960	–	4,000	–	4,960
Independent non-executive directors:					
Mr. To King Yan, Adam	264	–	–	–	264
Mr. Wong Hoi Ki	264	–	–	–	264
Mr. Ho Kwok Wah, George	264	–	–	–	264
	1,752	15,000	12,500	36	29,288
For the year ended 31 March 2016					
Executive directors:					
Mr. Chan William (note (a))	–	12,000	8,000	18	20,018
Mr. Ng Tak Kwan (note (b))	3,716	–	4,000	–	7,716
Mr. Yip Chun Kwok	–	3,000	500	18	3,518
Non-executive director:					
Mr. Ng Tak Kwan (note (b))	589	–	–	–	589
Independent non-executive directors:					
Mr. To King Yan, Adam	264	–	–	–	264
Mr. Wong Hoi Ki	264	–	–	–	264
Mr. Ho Kwok Wah, George	264	–	–	–	264
	5,097	15,000	12,500	36	32,633

Notes:

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

(b) Mr. Ng Tak Kwan was re-designated as a non-executive director of the Company on 21 August 2015.

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

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9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2016: three) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (2016: two) individuals were as follows:

	2017 $'000	2016 $'000
Salaries and other benefits	3,014	2,160
Retirement benefit scheme contributions	534	72
	3,548	2,232

The emoluments of the two (2016: two) individuals with the highest emoluments are within the following bands:

	No. of individuals 2017	2016
$Nil to $1,000,000	–	1
$1,000,001 to $1,500,000	–	1
$1,500,001 to $2,000,000	2	–

10 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of $53,510,000 (2016: loss of $83,363,000) and 477,447,000 (2016: 477,447,000) ordinary shares in issue during the year.

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there are no potential dilutive ordinary shares in existence during the years ended 31 March 2017 and 31 March 2016.

11 INVESTMENT PROPERTIES

(a) The Group

	2017 $'000	2016 $'000
At valuation:		
At the beginning of the year	430,583	456,518
Additions	100	–
Transfers (note)	15,873	1,204
Revaluation surplus/(deficit)	32,843	(9,124)
Exchange adjustments	(20,626)	(18,015)
At the end of the year	458,773	430,583

Note: During the year ended 31 March 2017, completed properties held for sale at cost of $15,873,000 (2016: $1,204,000) were transferred from "properties for sale" to "investment properties" as a result of change of use. The properties were measured at fair value at the time of transfer amounting to $37,100,000 (2016: $2,400,000) and revaluation surplus of $21,227,000 (2016: $1,196,000) have been dealt with in the consolidated income statement.

11 INVESTMENT PROPERTIES (Continued)

(a) The Group (Continued)

The analysis of valuation of properties is as follows:

	2017 $'000	2016 $'000
Medium-term leases		
Hong Kong	133,700	94,570
The PRC	325,073	336,013
	458,773	430,583

At 31 March 2017, investment properties amounting to $457,273,000 (2016: $429,383,000) were pledged as securities for bank loans (note 23(e)).

(b) Fair value hierarchy

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

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

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

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

At 31 March 2017 and 31 March 2016, the Group's investment properties fall into Level 3 of the fair value hierarchy as described above.

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur. During the years ended 31 March 2017 and 31 March 2016, there were no transfers between Level 1 and Level 2 or transfers into or out of Level 3.

The investment properties in Hong Kong and the PRC were revalued as at 31 March 2017 by Asset Appraisal Limited (2016: Roma Appraisals Limited) and Colliers International (Hong Kong) Limited (2016: Colliers International (Hong Kong) Limited), respectively, independent firms of surveyors who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and categories of properties being valued.

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11 INVESTMENT PROPERTIES (Continued)

(b) Fair value hierarchy (Continued)

(i) (Continued)

Valuation processes

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

Valuation methodologies

The fair value of investment properties in Hong Kong is determined using direct comparison approach by reference to recent sales prices of comparable properties adjusted for a premium or discount specific to the quality of the Group's investment properties. The fair value measurement is positively correlated to the premium on quality of the buildings.

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

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Investment properties			
– Hong Kong	Direct comparison approach	Premium on quality of the building	0%-10% (2016: 0%-15%)
– The PRC	Discounted cash flow method	Expected market rental growth	2%-3% (2016: 2%-3%)
		Discount rate	9% (2016: 9%)
		Stabilised occupancy rate	90% (2016: 90%)

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11 INVESTMENT PROPERTIES (Continued)

(b) Fair value hierarchy (Continued)

(ii) Information about Level 3 fair value measurements (Continued)

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	Investment properties in Hong Kong $'000	**Investment properties in the PRC** $'000
At 1 April 2015	92,170	364,348
Transfer	1,204	–
Revaluation surplus/(deficit)	1,196	(10,320)
Exchange adjustments	–	(18,015)
At 31 March 2016 and 1 April 2016	94,570	336,013
Additions	–	100
Transfer	15,873	–
Revaluation surplus	23,257	9,586
Exchange adjustments	–	(20,626)
At 31 March 2017	133,700	325,073

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

(c) The Group leases out investment properties under operating leases. The leases typically run for an initial period of 6 months to 5 years, with an option to renew the leases after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

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

	2017 **$'000**	2016 $'000
Within 1 year	**2,694**	2,828
After 1 year but within 5 years	**1,021**	193
	3,715	3,021

12 OTHER PROPERTIES, PLANT AND EQUIPMENT

	Buildings held for own use $'000	Leasehold improvements $'000	Furniture, fixtures and equipment $'000	Total $'000
At cost:				
At 1 April 2015	47,485	10,257	3,388	61,130
Exchange adjustments	–	(209)	(39)	(248)
Additions	–	1,801	268	2,069
Transfers (note)	8,216	–	–	8,216
Disposals	–	–	(165)	(165)
At 31 March 2016 and 1 April 2016	55,701	11,849	3,452	71,002
Exchange adjustments	–	(233)	(48)	(281)
Additions	–	38	114	152
Disposals	–	(949)	(11)	(960)
At 31 March 2017	55,701	10,705	3,507	69,913
Accumulated amortisation and depreciation:				
At 1 April 2015	1,427	2,510	1,267	5,204
Exchange adjustments	–	(81)	(25)	(106)
Charge for the year	1,513	2,158	824	4,495
Written back on disposals	–	–	(103)	(103)
At 31 March 2016 and 1 April 2016	2,940	4,587	1,963	9,490
Exchange adjustments	–	(124)	(35)	(159)
Charge for the year	1,687	2,143	707	4,537
Written back on disposals	–	(426)	(10)	(436)
At 31 March 2017	4,627	6,180	2,625	13,432
Net book value:				
At 31 March 2017	51,074	4,525	882	56,481
At 31 March 2016	52,761	7,262	1,489	61,512

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

At 31 March 2017 and 31 March 2016, all buildings held for own use are pledged as securities for bank loans (note 23(e)).

Note: During the year ended 31 March 2017, completed properties held for sale of $Nil (2016: $8,216,000) were transferred from "properties for sale" to "other properties, plant and equipment" as a result of change of use.

13 INTERESTS IN ASSOCIATES

	2017 $'000	2016 $'000
Share of net assets, unlisted	–	–
Amount due from an associate (note (d))	106,797	106,797
	106,797	106,797
Dividends received from an associate	–	3,856

At 31 March 2017, the Group had interests in the following associates:

Name of entity	Form of business structure	Place of incorporation	Particulars of issued and paid up capital	Proportion of issued capital held by the Group 2017	Proportion of issued capital held by the Group 2016	Proportion of voting power held in the board of directors 2017	Proportion of voting power held in the board of directors 2016	Principal activity
Epic Quest Global Limited (note (a))	Incorporated	British Virgin Islands ("BVI")	Ordinary	26%	26%	33%	33%	Investment holding
Smart Wealth Asia Pacific Limited (note (a))	Incorporated	Hong Kong	Ordinary	26%	26%	33%	33%	Property development

Notes:

(a) Acquisition of interest in an associate

On 26 May 2015, Talent Step Investments Limited ("Talent Step"), an indirect wholly-owned subsidiary of the Company and DSM Project Limited ("DSM"), a related party of the Group, subscribed for 26% and 74% equity interests of Epic Quest Global Limited ("Epic Quest") with cash consideration of US$26 (equivalent to approximately $202) and US$74 (equivalent to approximately $573) respectively. Given that the Group is able to exercise significant influence over Epic Quest because it has the power to appoint one out of three directors of Epic Quest pursuant to the shareholders' agreement that was entered between Talent Step and DSM, the 26% equity interests in Epic Quest is accounted for as interest in an associate in the consolidated financial statements using equity method.

On 10 June 2015, Epic Quest entered into the sale and purchase agreement with Excel Value International Limited ("Excel Value") and GT Winner Limited ("GT Winner"), both are independent third parties of the Group, pursuant to which Epic Quest agreed to acquire from Excel Value and GT Winner the entire equity interests of and certain loans owing by Smart Wealth Asia Pacific Limited, an owner of a 9-storey industrial building in Hong Kong, at an aggregate consideration of $339,440,000. The transaction was completed on 24 September 2015.

(b) Disposal of Kailong Holdings Limited ("KLR Holdings")

In November 2015, the Group entered into the repurchase agreement with KLR Holdings to dispose of its remaining 9.74% equity interests in KLR Holdings, at a consideration of US$4,187,000 (equivalent to $32,515,000) ("2015 KLR Disposal") and resulted in the Group recognising a gain of approximately $8,713,000 in profit or loss, calculated as follows:

	$'000
Fair value of consideration received and receivable	32,515
Less: carrying amount of 9.74% equity interests in KLR Holdings	(23,377)
Release of translation reserve	(425)
Gain recognised in profit or loss	8,713

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13 INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(b) Disposal of Kailong Holdings Limited ("KLR Holdings") (Continued)

As at 31 March 2016, KLR Holdings had settled US$3,768,000 (equivalent to approximately $29,264,000). The remaining amounts of the consideration in the carrying amount of US$419,000 (equivalent to approximately $3,251,000) is included in other receivables, deposits and prepayments at 31 March 2016 (note17(b)). During the year ended 31 March 2017, the Group received the entire remaining amounts of the sales consideration from KLR Holdings.

The Group equity accounted for the financial results of KLR Holdings until 23 November 2015 and recognised in profit or loss as the share of profit less loss of associates of $1,115,000 for the year ended 31 March 2016.

(c) Summarised financial information of associate

Set out below is the summarised financial information of the material associate, Epic Quest and its subsidiary ("Epic Quest Group"), as at 31 March 2017 adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements.

	Epic Quest Group	
	2017	2016
	$'000	$'000
Gross amounts of the associate		
Current assets	**1,191,135**	729,170
Non-current assets	**1,910**	–
Current liabilities	**(827,830)**	(411,004)
Non-current liabilities	**(379,556)**	(325,003)
Net liabilities	**(14,341)**	(6,837)
Revenue	**–**	–
Loss for the year/period from 26 May 2015 to 31 March 2016	**(7,504)**	(6,837)
Other comprehensive income	**–**	–
Total comprehensive income for the year/period	**(7,504)**	(6,837)
Reconciled to the Group's interest in the associate		
Gross amounts of consolidated net liabilities of the associate	**(14,341)**	(6,837)
Group's effective interest	**26%**	26%
Group's share of consolidated net liabilities of the associate	**–**	–
Carrying amount in the consolidated financial statements	**–**	–
Group's share of associate's loss	**–**	–
Dividend received from the associate	**–**	–

At 31 March 2017, the Group's unrecognised share of loss of the associate, Epic Quest Group, for the current year and for the year cumulatively, amounted to $1,951,000 (2016: $1,778,000) and $3,729,000 (2016: $1,778,000) respectively.

(d) Amount due from an associate

Amount due from an associate is unsecured, interest-free and has no fixed terms of repayment. As at 31 March 2017, the amount is not expected to be recovered within the next twelve months from the end of the reporting period. The amount is neither past due nor impaired.

14 INTERESTS IN JOINT VENTURES AND AMOUNTS DUE FROM JOINT VENTURES

	2017 $'000	2016 $'000
Share of net assets, unlisted	22,997	13,785
Amounts due from joint ventures	46,331	–
Interests in joint ventures	69,328	13,785
Amounts due from joint ventures (current portion)	–	1,156

At 31 March 2017, the Group had interests in the following joint ventures:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Particulars of issued capital	Proportion of issued capital held by the Group 2017	Proportion of issued capital held by the Group 2016	Principal activity
RS Hospitality Private Limited	Incorporated	Bhutan	Bhutan	BTN239,400,000	50%	50%	Operation of boutique resorts
Quarella Holdings Limited (note (i))	Incorporated	BVI	BVI	US$2	43.5%	43.5%	Investment holding
Star Wonder Investments Limited (note (iii))	Incorporated	Hong Kong	Hong Kong	$1	43.5%	–	Investment holding
Quarella Group Limited (note (iii))	Incorporated	Hong Kong	Hong Kong	$1	43.5%	43.5%	Trading of construction and interior decorative materials
Q.R.B.G. S.r.l. (note (iii))	Incorporated	Italy	Italy	EUR 2,010,000	43.5%	–	Manufacturing and trading of engineered stone composite surfaces products
廈門可維萊石材有限公司 (note (iii) & (iv))	Incorporated	The PRC	The PRC	RMB 5,000,000	43.5%	–	Trading of construction and interior decorative materials
RB Le Roy, LLC (note (ii))	Incorporated	U.S.A.	U.S.A.	–	50%	–	Property development

Note: (i) In February 2016, the Group injected capital of US$1 (equivalent to $8) to set up a joint venture, Quarella Holdings Limited (formerly known as Dragon First Holdings Limited).

(ii) According to the operating agreement, the members transfer funds from time to time as a capital contribution. No capital contribution will be required from the members otherwise required by law.

(iii) These companies are wholly-owned subsidiaries of Quarella Holdings Limited.

(iv) This entity is foreign owned enterprise established in the PRC.

14 INTERESTS IN JOINT VENTURES AND AMOUNTS DUE FROM JOINT VENTURES (Continued)

The Group has interests in joint ventures, which are not individually material to the Group. Aggregate information of the Group's share of results of the joint ventures is as follows:

	2017 $'000	2016 $'000
Profit and total comprehensive income for the year	9,240	282

	2017 $'000	2016 $'000
At the beginning of the year	13,785	13,417
Share of profits and total comprehensive income for the year	9,240	282
Exchange adjustments	(28)	86
At the end of the year	22,997	13,785

At 31 March 2017, the amount due from a joint venture of $6,326,000 is unsecured, interest bearing of 5.5% per annum and has no fixed terms of repayment but is not expected to be recovered within twelve months from the end of the reporting period. The remaining balance of $40,005,000 due from another joint venture is unsecured, interest-free and has no fixed terms of repayment but is not expected to be recoverable within twelve months from the end of the reporting period. The amounts are neither past due nor impaired.

At 31 March 2016, the amounts due from joint ventures were unsecured, interest-free and recoverable on demand. The amounts were neither past due nor impaired.

15 PROPERTIES FOR SALE

	2017 $'000	2016 $'000
At cost:		
Completed properties held for sale	167,525	23,289
Properties under development for sale	450,913	766,323
	618,438	789,612

(a) The analysis of carrying value of properties for sale is as follows:

	2017 $'000	2016 $'000
In Hong Kong		
Leases of between 10 to 50 years (medium-term leases)	337,832	571,209
Outside Hong Kong		
Leases of between 10 to 50 years (medium-term leases)	92,286	98,543
Freehold	188,320	119,860
	618,438	789,612

15 PROPERTIES FOR SALE (Continued)

(b) At 31 March 2017, properties under development for sale of $319,830,000 (2016: $274,749,000) are expected to be completed after more than one year.

(c) At 31 March 2017, properties for sale amounting to $401,092,000 (2016: $664,543,000) were pledged as securities for bank loans (note 23(e)).

16 INVENTORIES

	2017 $'000	2016 $'000
Construction and interior decorative materials:		
Finished goods held for sale	58,979	51,459
Inventories-in-transit	6,360	19,744
	65,339	71,203

17 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

	2017 $'000	2016 $'000
Trade receivables	151,873	65,070
Less: allowance for doubtful debts (note 17(a)(ii))	(15,827)	(18,362)
	136,046	46,708

(i) At 31 March 2017, the ageing analysis of trade receivables based on invoice date, net of allowance for doubtful debts, is as follows:

	2017 $'000	2016 $'000
1-30 days	24,728	7,638
31-60 days	26,306	3,822
61-90 days	16,188	2,844
Over 90 days	68,824	32,404
	136,046	46,708

The Group negotiates with customers on individual basis in accordance with contract terms, i.e. an average credit period of 90 days (2016: 90 days), except for sales of properties the proceeds from which are receivable pursuant to the terms of agreements.

Before accepting any new customers of the distribution of construction and interior decorative materials business, the Group assesses the potential customers' credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by the Group regularly. Further details on the Group's credit policy are set out in note 27(a).

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

(a) Trade receivables (Continued)

(ii) Impairment of trade receivables

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

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

	2017 $'000	2016 $'000
At the beginning of the year	**18,362**	15,814
Impairment loss recognised	**5,302**	7,509
Uncollectible amounts written off	**(1,317)**	(4,125)
Reversal of allowance for doubtful debts	**(5,512)**	–
Exchange adjustments	**(1,008)**	(836)
At the end of the year	**15,827**	18,362

At 31 March 2017, the Group's trade receivables of $15,827,000 (2016: $18,362,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that these receivables were not expected to be recovered. During the year ended 31 March 2017, specific allowances for doubtful debts of $5,302,000 (2016: $7,509,000) was recognised.

(iii) Trade receivables that are not impaired

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

	2017 $'000	2016 $'000
Neither past due nor impaired	**58,411**	20,993
1-30 days	**16,274**	8,610
31-60 days	**5,138**	4,077
61-90 days	**4,845**	1,758
Over 90 days	**51,378**	11,270
	77,635	25,715
	136,046	46,708

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

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

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

(b) Other receivables, deposits and prepayments

	Note	**2017 $'000**	2016 $'000
Other receivables		**7,541**	7,807
Consideration receivables			
– 2014 KLR Disposal	*29(c)*	**4,148**	29,313
– 2015 KLR Disposal	*13(b)*	**–**	3,251
– Wing Lok Disposal	*29(d)*	**–**	10,603
Deposits and prepayments		**6,746**	17,864
		18,435	68,838
Represented by:			
Non-current portion		**683**	5,231
Current portion		**17,752**	63,607
Total		**18,435**	68,838

18 TRADING SECURITIES

	2017 $'000	2016 $'000
Listed investment stated at market value		
– in Hong Kong	**–**	20,473

The Group disposed of a total of 5,900,000 shares of trading securities over a series of transactions conducted between 1 April 2016 to 13 June 2016, for an aggregate gross sale proceeds of $27,570,000 (excluding transaction costs). The Group realised a gain on disposal of trading securities of $7,097,000 which was recorded in the profit or loss for the year ended 31 March 2017.

19 CASH HELD BY STAKEHOLDERS

At 31 March 2017, cash held by stakeholders of $17,023,000 (2016: $226,062,000) represent sales proceeds received from the pre-sale of the properties, withdrawals from which are designated for payments for expenditure in accordance with relevant terms and conditions set out in the stakeholders agreement.

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20 BANK DEPOSITS AND CASH ON HAND

(a) Deposits and cash comprise:

	2017 $'000	2016 $'000
Deposits with banks	422	8,001
Cash at bank and on hand	124,299	124,098
	124,721	132,099
Less: Pledged bank deposit (note (ii))	(422)	–
Cash and cash equivalents in the consolidated cash flow statement	124,299	132,099

Notes:

(i) At 31 March 2017, bank deposits and cash on hand include $23,268,000 (2016: $67,266,000) which are denominated in Renminbi ("RMB"), the remittance of which is subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(ii) At 31 March 2017, bank deposit amounting to $422,000 (2016: $Nil) was pledged as securities for bank loans (note 23 (e)).

(b) Reconciliation of profit/(loss) for the year to cash generated from/(used in) operations:

	Note	2017 $'000	2016 $'000
Operating activities			
Profit/(loss) before taxation		62,062	(86,234)
Adjustments for:			
(Increase)/decrease in fair value of investment properties		(32,843)	9,124
Depreciation of other properties, plant and equipment	*6(c)*	4,537	4,495
Loss on disposal of other properties, plant and equipment	*5(b)*	480	51
Dividend income from trading securities	*5(a)*	(472)	–
Gain on disposal of trading securities	*5(b)*	(7,097)	(9,066)
Net unrealised gain of trading securities	*5(b)*	–	(12,327)
Gain on disposal of interest in an associate		–	(8,713)
Interest income	*5(a)*	(166)	(4,280)
Interest expenses	*6(a)*	6,723	6,126
Share of profit less loss of associates		–	(1,115)
Share of profits of joint ventures		(9,240)	(282)
Impairment loss on trade receivables	*6(c)*	5,302	7,509
Reversal of allowance for doubtful debts	*6(c)*	(5,512)	–
Exchange loss		29,838	–
Equity settled share-based payments		–	5,879
Operating profit/(loss) before changes in working capital carried forward		53,612	(88,833)

20 BANK DEPOSITS AND CASH ON HAND (Continued)

(b) Reconciliation of profit/(loss) for the year to cash generated from/(used in) operations: (Continued)

	Note	2017 $'000	2016 $'000
Operating profit/(loss) before changes in working capital brought forward		**53,612**	(88,833)
Changes in working capital:			
Decrease/(increase) in properties for sale		**148,307**	(326,935)
Decrease/(increase) in inventories		**2,303**	(16,055)
(Increase)/decrease in trade receivables		**(94,111)**	56,762
Decrease in other receivables, deposits and prepayments		**50,403**	130,666
Decrease in amounts due from joint ventures		**1,156**	768
Decrease/(increase) in cash held by stakeholders		**209,039**	(226,062)
(Decrease)/increase in trade and other payables		**(552)**	7,435
(Decrease)/increase in deposits received from sale of properties		**(253,303)**	261,991
Cash generated from/(used in) operations		**116,854**	(200,263)

21 TRADE AND OTHER PAYABLES

	2017 $'000	2016 $'000
Trade payables	**2,728**	12,821
Retentions payable	**3,541**	5,415
Advances received from customers	**9,007**	1,672
Other payables and accruals	**41,527**	42,020
	56,803	61,928

Except for certain deposits received from tenants of $1,976,000 (2016: $144,000) at 31 March 2017 included in other payables and accruals which are expected to be settled after more than one year, the remaining trade and other payables are expected to be settled within one year.

At 31 March 2017, the ageing analysis of trade payables, based on invoice date, is as follows:

	2017 $'000	2016 $'000
1-30 days	**2,702**	12,794
31-60 days	**–**	–
61-90 days	**–**	–
Over 90 days	**26**	27
	2,728	12,821

22 DEPOSITS RECEIVED FROM SALE OF PROPERTIES

Deposits received from sale of properties of $8,688,000 (2016: $261,991,000) are expected to be recognised as income in the consolidated income statement within one year.

23 BANK LOANS

At 31 March 2017, the bank loans are repayable as follows:

	2017 $'000	2016 $'000
Within 1 year or on demand	**229,345**	295,809
After 1 year but within 2 years	**10,926**	11,640
After 2 years but within 5 years	**126,917**	139,497
	137,843	151,137
	367,188	446,946

At 31 March 2017, the secured bank loans and unsecured bank loans are as follows:

	2017 $'000	2016 $'000
Secured bank loans	**316,912**	420,036
Unsecured bank loans	**50,276**	26,910
	367,188	446,946

(a) At 31 March 2017, bank loans drawn in Hong Kong bear interest at rates range from 1.9% to 2.5% (2016: 2.0% to 2.7%) per annum over Hong Kong Interbank Offer Rate ("HIBOR") or London Interbank Offer Rate and interests are repriced every one to three months.

(b) At 31 March 2017, bank loans drawn in the PRC bear interest at The People's Bank of China Base Interest Rate (2016: The People's Bank of China Base Interest Rate) per annum.

(c) At 31 March 2017, bank loans drawn in the U.S.A. bear interest at 1% (2016: 1%) per annum over the daily Wall Street Journal Prime Rate.

(d) At 31 March 2017, bank loans of approximately $162,177,000 (2016: $134,652,000) that are repayable within one year from the end of the reporting period contains a repayable on demand clause.

(e) At 31 March, certain of the banking facilities of the Group were secured by mortgages over:

	2017 $'000	2016 $'000
Investment properties (note 11)	**457,273**	429,383
Buildings held for own use (note 12)	**51,074**	52,761
Properties for sale (note 15)	**401,092**	664,543
Pledged bank deposit (note 20)	**422**	–
	909,861	1,146,687

Such banking facilities amounted to $712,056,000 (2016: $932,931,000) were utilised to the extent of $335,010,000 at 31 March 2017 (2016: $420,036,000).

23 BANK LOANS (Continued)

(f) 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 was to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants.

None of the covenants relating to the drawn down facilities had been breached for the years ended 31 March 2017 and 31 March 2016.

Further details of the Group's management of liquidity risk are set out in note 27(b).

24 LOANS FROM NON-CONTROLLING SHAREHOLDERS

At 31 March 2017, the loan from a non-controlling shareholder of $1,125,000 (2016: $Nil) is unsecured, interest bearing of 15% per annum and repayable on demand while the remaining loans from non-controlling shareholders of $75,123,000 (2016: $75,207,000) are unsecured, interest-free and are repayable on demand.

25 DEFERRED TAX LIABILITIES

(a) Deferred tax liabilities/assets recognised:

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

	Depreciation allowances in excess of the related depreciation $'000	**Tax losses recognised** $'000	**Revaluation of properties** $'000	**Total** $'000
At 1 April 2015	–	–	15,833	15,833
Credited to profit or loss	–	–	(2,580)	(2,580)
Exchange adjustments	–	–	(1,542)	(1,542)
At 31 March 2016 and 1 April 2016	–	–	11,711	11,711
Charged/(credited) to profit or loss	13,144	(13,144)	2,396	2,396
Exchange adjustments	(275)	275	(1,661)	(1,661)
At 31 March 2017	12,869	(12,869)	12,446	12,446

(b) Deferred tax liabilities not recognised:

Under the EIT Law and Implementation Regulation of the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to $63,022,000 (2016: $41,615,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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25 DEFERRED TAX LIABILITIES (Continued)

(c) Deferred tax assets not recognised:

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

	2017		2016	
	Tax losses $'000	Deferred tax assets $'000	Tax losses $'000	Deferred tax assets $'000
Hong Kong	131,988	21,778	149,394	24,650
Outside Hong Kong	85,349	18,573	64,880	13,660
	217,337	40,351	214,274	38,310

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilised is uncertain at the end of the reporting period. The tax losses arising from Hong Kong, Singapore and the U.K. operations do not expire under current tax legislation. The tax losses arising from operations in the PRC can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose. The tax losses arising from the operations in the U.S.A. will expire in twenty years after the relevant accounting year end date.

26 CAPITAL, RESERVES AND DIVIDEND

(a) Share capital

	2017		2016	
	Number of shares	$'000	Number of shares	$'000
Authorised:				
Ordinary share of $0.01 each	1,000,000,000	10,000	1,000,000,000	10,000
Issued and fully paid:				
Ordinary share of $0.01 each	477,447,000	4,774	477,447,000	4,774

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

26 CAPITAL, RESERVES AND DIVIDEND (Continued)

(b) Reserves

(i) The Group

	Share premium $'000	Statutory reserve (note (i)) $'000	Translation reserve (note (ii)) $'000	Capital reserve (note (iii)) $'000	Other reserves (note (iv)) $'000	Special reserve (note (v)) $'000	Total $'000	Retained profits $'000	Total $'000
At 1 April 2015	469,130	3,365	3,342	14,175	33,789	67,300	591,101	602,567	1,193,668
Loss for the year	–	–	–	–	–	–	–	(83,363)	(83,363)
Other comprehensive income	–	–	(8,050)	–	–	–	(8,050)	–	(8,050)
Total comprehensive income for the year	–	–	(8,050)	–	–	–	(8,050)	(83,363)	(91,413)
Dividend declared in respect of the prior year (note 26(c))	–	–	–	–	–	–	–	(23,872)	(23,872)
Equity settled share-based transactions (note 26(e))	–	–	–	1,880	–	–	1,880	–	1,880
Compensation on cancellation of share option (note 26(e))	–	–	–	(6,670)	–	–	(6,670)	–	(6,670)
Transfer from capital reserve (note 26(e))	–	–	–	(9,385)	–	–	(9,385)	9,385	–
Acquisition of additional interest in a subsidiary (note 29(b))	–	–	–	–	223	–	223	–	223
Partial disposal of interests in subsidiaries without loss of control (note 29(a))	–	–	–	–	1,428	–	1,428	–	1,428
Transfer to statutory reserve	–	1,068	–	–	–	–	1,068	(1,068)	–
Release of special reserve to retained profits (note (v))	–	–	–	–	–	(67,300)	(67,300)	67,300	–
At 31 March 2016 and 1 April 2016	469,130	4,433	(4,708)	-	35,440	-	504,295	570,949	1,075,244
Profit for the year	-	-	-	-	-	-	-	53,510	53,510
Other comprehensive income	-	-	(6,756)	-	-	-	(6,756)	-	(6,756)
Total comprehensive income for the year	-	-	(6,756)	-	-	-	(6,756)	53,510	46,754
Dividend declared in respect of the prior year (note 26(c))	-	-	-	-	-	-	-	(14,323)	(14,323)
At 31 March 2017	469,130	4,433	(11,464)	-	35,440	-	497,539	610,136	1,107,675

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26 CAPITAL, RESERVES AND DIVIDEND (Continued)

(b) Reserves (Continued)

(ii) The Company

	Share premium $'000	Special reserve (note (v)) $'000	Retained profits $'000	Total $'000
At 1 April 2015	469,130	67,300	627,353	1,163,783
Profit and other comprehensive income for the year	–	–	29,753	29,753
Dividend declared in respect of the prior year (note 26(c))	–	–	(23,872)	(23,872)
Release of special reserve to retained profits (note(v))	–	(67,300)	67,300	–
At 31 March 2016 and 1 April 2016	**469,130**	**–**	**700,534**	**1,169,664**
Loss and other comprehensive income for the year	**–**	**–**	**(25,206)**	**(25,206)**
Dividend declared in respect of the prior year (note 26(c))	**–**	**–**	**(14,323)**	**(14,323)**
At 31 March 2017	**469,130**	**–**	**661,005**	**1,130,135**

Notes:

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

(ii) Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and is dealt with in accordance with the accounting policies set out in note 2(t).

(iii) The capital reserve represents the movement of fair value of unexercised share options granted by an indirect subsidiary of the Company to an independent third party in respect of the provision of the marketing and consultancy services (note 26(e)).

(iv) Other reserves comprise 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 capital of Sundart Holdings Limited ("Sundart") in proportion to their respective holding in Sundart. The acquisition of Sundart by the Company was accounted for as a group reorganisation involving interspersing the Company between the Vendors and Sundart. The consolidated financial statements are prepared as a continuation of Sundart and its subsidiaries. Special reserve of the Company amounting to approximately $67,300,000 representing the difference between the nominal value of the shares issued by the Company and the issued share capital and share premium of Sundart at the date of the share swap. Pursuant to the directors' resolution passed on 26 October 2015, the amounts included in the special reserve of $67,300,000 had been transferred to retained profits of the Company.

26 CAPITAL, RESERVES AND DIVIDEND (Continued)

(c) Dividend

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

	2017 $'000	2016 $'000
Final dividend declared and paid after the end of the reporting period of 3 cents per share (2016: 3 cents per share)	**14,323**	14,323

The board of directors does not recommend the payment of an interim dividend for the year ended 31 March 2017 (2016: $Nil).

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

(ii) Dividend payable to equity shareholders attributable to the previous financial year, approved and paid during the year

	2017 $'000	2016 $'000
Final dividend in respect of the previous financial year of 3 cents per share (2016: 5 cents per share)	**14,323**	23,872

(d) Capital management

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

The capital structure of the Group consists of net debts, which includes bank loans disclosed in note 23, cash held by stakeholders disclosed in note 19, bank deposits and cash on hand disclosed in note 20 and equity attributable to the shareholders of the Company.

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

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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

On 27 June 2013, Q-Stone Building Materials Limited ("Q-Stone"), an indirect wholly-owned subsidiary of the Company, entered into the share option agreement ("Share Option Agreement") with Fine China Consultants Limited ("Fine China"), an independent third party to the Group, pursuant to which Q-Stone has agreed to grant to Fine China the share option ("Share Option") which entitles Fine China to subscribe at an option price at the 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").

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26 CAPITAL, RESERVES AND DIVIDEND (Continued)

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

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

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

Fair value of Share Option and assumptions

Fair value at measurement date	$16,055,000
Underlying value of shares	$19,500,000
Exercise price	$3,491,000
Expected volatility	44.51%
Option life	2.34 years
Risk-free interest rate	0.445%

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

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

On 31 December 2015, Q-Stone and Fine China entered into the Deed of Termination and Cancellation ("Deed") pursuant to which the Share Option Agreement was terminated and the Share Option was cancelled with effect from 31 December 2015. The cancellation of the Q-Stone Share Option during the vesting period by the Group are accounted for as accelerated vesting and share-based payments of $1,880,000 in respect of Q-Stone Share Option that have been recognised for serviced received had been charged to profit or loss for the year ended 31 March 2016.

Pursuant to the Deed, Q-Stone has agreed to pay a bonus fee ("compensation") to Fine China which was computed based on the trade receivables as at 31 March 2015 referred by Fine China to Q-Stone which was subsequently settled and collected by Q-Stone during the period from 31 December 2015 to 30 September 2016 if this exceeds an agreed level. The compensation payable to Fine China will not exceed $9,800,000. The compensation payable to Fine China in respect of the cancellation of Q-Stone Share Option is accounted for as repurchases of an equity interest to the extent that the payment exceeds the fair value of the equity instruments to be granted. As of 31 March 2016, the Group assessed the compensation payable to Fine China in the amounts of $6,670,000 and such amounts have been dealt within capital reserve.

For the year ended 31 March 2017, the Group had settled the compensation of $1,343,000 (2016: $3,016,000). The remaining amounts of the compensation have been included in trade and other payables at 31 March 2017.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's major financial instruments include trade receivables, other receivables, deposits and prepayments, trading securities, amounts due from joint ventures, amount due from an associate, cash held by stakeholders, bank deposits and cash on hand, trade and other payables, loans from non-controlling shareholders and bank loans. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk and currency risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

As at 31 March 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

At the end of the reporting period, other than concentration of credit risks on trade receivables from one customer (2016: one customer), including trade receivable from entities which are known to the Group to be under common control of this customer, of approximately $63,805,000 (2016: $30,148,000), the Group does not have any other significant concentration of credit risk.

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

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

(b) Liquidity risk

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

As at 31 March 2017, the Group has available unutilised bank loan facilities (including secured and unsecured) of approximately $700,273,000 (2016: $735,984,000).

The following table details the Group's remaining contractual maturity for its financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date on which the Group can be required to pay. Bank loans with a repayable on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for financial liabilities are based on the agreed repayment dates.

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

(b) Liquidity risk (Continued)

		Contractual undiscounted cashflows						
	Weighted average interest rate	Less than 4 months or on demand $'000	Between 4 to 6 months $'000	Between 7 to 12 months $'000	Between 1 to 5 years $'000	Over 5 years $'000	Total $'000	Total carrying amount $'000
At 31 March 2017								
Financial liabilities								
Trade and other payables	N/A	45,211	–	–	1,976	–	47,187	47,187
Loans from non-controlling shareholders	0.22%	76,248	–	–	–	–	76,248	76,248
Bank loans	3.12%	212,669	13,289	7,228	143,219	–	376,405	367,188
		334,128	13,289	7,228	145,195	–	499,840	490,623
At 31 March 2016								
Financial liabilities								
Trade and other payables	N/A	58,689	–	–	144	–	58,833	58,833
Loans from non-controlling shareholders	N/A	75,207	–	–	–	–	75,207	75,207
Bank loans	3.04%	122,522	20,942	157,929	160,341	–	461,734	446,946
		256,418	20,942	157,929	160,485	–	595,774	580,986

(c) Interest rate risk

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

Sensitivity analysis

For variable-rate bank loans, the analysis is prepared assuming the bank loans outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2016: 50 basis points) increase or decrease in variable-rate bank loans represents management's assessment of the reasonably possible change in interest rates. If interest rate increases/decreases by the aforesaid basis point, and all other variables were held constant, the Group's post-tax results for the year ended 31 March 2017 would be decreased/increased by approximately $813,000 (2016: $751,000) and finance costs capitalised in properties under development for sale would be increased/decreased by approximately $844,000 (2016: $1,310,000). The analysis is performed on the same basis for the year end 31 March 2016.

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

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

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases giving rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. currency other than the functional currency of the operations to which the transactions relates. The currencies giving rise to this risk are primarily Euros ("EUR"), United States dollars ("US$"), RMB and Great British Pounds ("GBP").

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

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities (other than inter-company balances) denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HKD, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in HKD)							
	2017				2016			
	EUR $'000	US$ $'000	RMB $'000	GBP $'000	EUR $'000	US$ $'000	RMB $'000	GBP $'000
Trade and other receivables, deposits and prepayments	–	4,148	–	–	-	32,933	–	–
Bank deposits and cash on hand	488	3,060	5,209	9	2,330	2,504	–	11
Trade and other payables	(2,142)	-	-	-	(2,136)	(3,252)	–	–
Bank loans	(30,275)	-	-	-	(26,910)	–	–	–
Gross exposure arising from recognised assets and liabilities	(31,929)	7,208	5,209	9	(26,716)	32,185	–	11

In addition, at 31 March 2017, the Group is exposed to currency risk arising from inter-company balances amounting to US$26,036,000, RMB209,812,000 and GBP10,219,000 (in aggregate equivalent to $538,519,000) (2016: US$21,040,000, RMB188,905,000 and GBP9,115,000 (in aggregate equivalent to $492,288,000)) which are not denominated in the functional currency of the relevant companies.

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

(d) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's results (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

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

	2017		2016	
	Increase/ (decrease) in foreign exchange rates	**Increase/ (decrease) in profit after tax and retained profits $'000**	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss after tax and retained profits $'000
EUR	**5%**	**(1,333)**	5%	1,115
	(5)%	**1,333**	(5)%	(1,115)
RMB	**5%**	**10,084**	5%	(9,465)
	(5)%	**(10,084)**	(5)%	9,465
GBP	**5%**	**4,154**	5%	(4,265)
	(5)%	**(4,154)**	(5)%	4,265

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' results after tax measured in the respective functional currencies, translated into HKD at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2016.

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

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

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The Group's financial instruments measured at fair value at the end of the reporting period on a recurring basis are categorised into three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement* (note 11(b)(i)).

During the years ended 31 March 2017 and 31 March 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 of the fair value hierarchy classifications.

	Fair value at 31 March 2017 $'000	**Fair value measurements as at 31 March 2017 categorised into Level 1 $'000**	Fair value at 31 March 2016 $'000	Fair value measurements as at 31 March 2016 categorised into Level 1 $'000
Recurring fair value measurements				
Assets:				
Trading securities	–	–	20,473	20,473

(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 trading securities are not materially different from their fair values as at 31 March 2017 and 31 March 2016.

28 RETIREMENT BENEFITS PLANS

The Group operates a mandatory provident fund scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of $1,500 or 5% of the relevant payroll costs to the scheme, which contribution is matched by employees.

The employees of the subsidiaries operated in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. Those subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

During the year ended 31 March 2017, the total costs charged to the income statement are approximately $1,167,000 (2016: $1,317,000), representing contributions paid/payable to these plans by the Group (note 6(b)).

29 ACQUISITION OF ADDITIONAL INTERESTS IN A SUBSIDIARY AND DISPOSAL OF INTERESTS IN SUBSIDIARIES

(a) Partial disposal of interests in subsidiaries without loss of control

On 31 December 2015, the Company as seller, entered into a sale and purchase agreement with Fine China and Cultivate Shine Limited ("Cultivate Shine") as purchasers, and Mr. Wong Fung Wai and Mr. Wang Chunlei ("Mr. Wang") as guarantors pursuant to which the Company disposed of 13% equity interests in Joint Champ International Limited, the immediate holding company of Q-Stone, at a cash consideration of an aggregate of $1,513,000 ("Joint Champ Disposal").

Mr. Wang is a chief executive of certain subsidiaries of the Company and Cultivate Shine is his associate.

Joint Champ Disposal was accounted for as equity settled transactions and the share-based payment of $3,999,000 was recognised and charged to profit or loss for the year ended 31 March 2016. Upon completion of the Joint Champ Disposal, the Group recognised an increase in non-controlling interests of $4,084,000 and an increase in equity attributable to shareholders of the Company of $1,428,000.

Joint Champ Disposal was completed on 31 December 2015.

	31 December 2015 HK$'000
Fair value of net assets disposed of	5,512
Increase in carrying amount of non-controlling interests	(4,084)
Gain on disposal within equity	1,428

(b) Acquisition of additional interest in a subsidiary

On 6 July 2015, Keen Virtue Group Limited ("Keen Virtue"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with SCJREP IV Cayman E Limited and Green Capital Group Limited, non-controlling shareholders of Wit Legend Investments Limited ("Wit Legend"), pursuant to which Keen Virtue agreed to acquire an additional 35% of the equity interests of Wit Legend at the consideration of US$35 (equivalent to approximately $273) (the "Wit Legend Acquisition"). Upon the completion of the Wit Legend Acquisition, Wit Legend became a wholly-owned subsidiary of the Group. The Wit Legend Acquisition was completed on 6 July 2015.

(c) Disposal of 30% interests in KLR Holdings

On 8 August 2014, Talent Step, an indirect wholly-owned subsidiary of the Company, entered into a sale agreement with Good Grace Investments Limited, Borrison (B.V.I.) Limited, Coralland Limited, Water Ocean Limited and Mr. Roth (the "KLR Purchasers") to dispose, representing 30% of the entire issued share capital of KLR Holdings, for a consideration of US$12,431,000 (equivalent to $96,584,000) ("2014 KLR Disposal").

Upon the completion of the 2014 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 2014 KLR Disposal was completed on 26 September 2014 and KLR Holdings (together with its subsidiaries) was deconsolidated from the Group's consolidated financial statements with effect from 26 September 2014. The remaining 9.74% equity interests of KLR Holdings was then accounted for as interest in an associate in the consolidated financial statements using equity method.

The consideration shall be payable by the KLR Purchasers by way of seven instalments. The first instalment was payable upon the date of completion and the last instalment will be payable within 36 months from the date of completion. Interest on the outstanding amount of the sales consideration is charged at the rate of 2.75% per annum over 3-month HIBOR from the 2014 KLR Disposal completion date until the actual date of payment.

For the year ended 31 March 2017, the KLR Purchasers had settled US$3,207,000 (equivalent to $24,926,000). The remaining amounts of the sales consideration and its accrued interest in the carrying amount of US$533,000 (equivalent to $4,148,000) have been included in other receivables, deposits and prepayments at 31 March 2017 (note 17(b)).

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

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

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

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

For the year ended 31 March 2016, the Wing Lok Purchaser cumulatively settled $5,634,000. The remaining amounts of the sales consideration and its accrued interest, at the carrying amount of $10,603,000 are included in other receivables, deposits and prepayments at 31 March 2016 (note 17(b)).

During the year ended 31 March 2017, the Group received the entire remaining amounts of the sales consideration and its accrued interest from the Wing Lok Purchaser.

30 COMMITMENTS

(a) At 31 March 2017, capital commitments outstanding and not provided for in the financial statements were as follows:

	2017	2016
	$'000	$'000
Authorised but not contracted for	**228,147**	250,684
Contracted for	**16,589**	71,856
	244,736	322,540

The above commitments include mainly the construction related costs to be incurred in respect of the Group's development of its properties in various locations.

(b) At 31 March 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017	2016
	$'000	$'000
Within 1 year	**1,698**	1,369
Over 1 year to 5 years	**54**	–
	1,752	1,369

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

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31 CONTINGENT LIABILITIES

At the end of the reporting period, the Company has issued guarantees to banks in respect of banking facilities granted to certain indirect subsidiaries of $919,392,000 (2016: $1,133,042,000). Such banking facilities were utilised to the extent of $322,157,000 (2016: $376,719,000), including the bank guarantee in favour of a utility service provider to secure the payment obligation of a subsidiary of a joint venture for an amount up to EUR 370,000 (equivalent to $3,091,000) (2016: $Nil).

The directors do not consider it probable that a claim will be made against the Company under any of the guarantees and have not recognised any deferred income in respect of these guarantees and no transaction price was incurred.

32 MATERIAL RELATED PARTY TRANSACTIONS

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

	2017 **$'000**	2016 $'000
Asset management expense to an associate (notes (a) & (c))	**–**	(760)
Investment advisory fee expense to an associate (notes (a) & (c))	**–**	(773)
Asset management expense to a related company (note (c))	**(390)**	(139)
Investment advisory fee expense to a related company (note (c))	**(390)**	(134)
Fitting-out work acquired from a related company (note (b))	**–**	(4,458)
Interior design consultancy service fee to a related company (note (b))	**–**	(1,471)
Management fee expense to a related company (note (b))	**–**	(247)
Sales of construction materials to a related company (note(b))	**–**	445
Rental income from a related company (note (b))	**–**	366
Dividend income from a related company (note (b))	**472**	–
Purchase of construction materials from a joint venture	**(32,700)**	–
Deposit paid to a joint venture	**(2,561)**	–
Management fee income from a joint venture	**–**	100
Project management fee income from an associate	**1,200**	623
Rental and building management fee income from a related company (note (d))	**470**	–
Rental deposit from a related company (note (d))	**108**	–

Notes:

(a) These entities were subsidiaries of KLR Holdings. The amounts represent the transactions entered between the Group and KLR Holdings before it ceased to be an associate of the Group during the year ended 31 March 2016. Such transactions constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).

(b) The non-executive director of the Company is the key management personnel of these entities.

(c) A director of certain subsidiaries of the Company is also a key management personnel of these entities. Such transactions constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).

(d) A director of the Company and a director of certain subsidiaries of the Company are also directors of this entity. Such transactions constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).

32 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel

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

	2017 $'000	2016 $'000
Salaries and short-term employee benefits	28,037	35,267
Post-employment benefits	126	125
	28,163	35,392

Total remuneration is included in "staff costs" (see note 6(b)).

33 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2017 $'000	2016 $'000
Non-current asset			
Investments in subsidiaries		35,549	35,549
Current assets			
Other receivables and deposits		622	661
Trading securities	18	–	20,473
Amounts due from subsidiaries		1,149,946	1,161,858
Bank deposits		34,018	20,459
		1,184,586	1,203,451
Current liabilities			
Payables and accruals		2,309	2,060
Amounts due to subsidiaries		52,917	42,502
Bank loans		30,000	20,000
		85,226	64,562
Net current assets		1,099,360	1,138,889
NET ASSETS		1,134,909	1,174,438
CAPITAL AND RESERVES	26		
Share capital		4,774	4,774
Reserves		1,130,135	1,169,664
TOTAL EQUITY		1,134,909	1,174,438

Approved and authorised for issue by the board of directors on

CHAN William
Director

YIP Chun Kwok
Director

(Expressed in Hong Kong dollars)

33 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (Continued)

Particulars of principal subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of company	Place of incorporation/ establishment	Class of shares held	Fully paid-up issued/ registered capital	Proportion of issued capital/registered capital held by the Company 2017	2016	Principal activities
Wit Legend *	BVI	Ordinary	US$100	100%	100%	Investment holding
Power City Investments Limited*	Hong Kong	Ordinary	HK$47,599,891	59%	59%	Investment holding
Joint Champ International Limited	BVI	Ordinary	US$100	87%	87%	Investment holding
Keen Access Holdings Limited*	Hong Kong	Ordinary	HK$1	100%	100%	Property development
Wonder Ace Investments Limited*	Hong Kong	Ordinary	HK$1	100%	100%	Property development
Prime Talent Development Limited*	Hong Kong	Ordinary	HK$1	100%	100%	Property holding
Win Expo Enterprises Limited*	Hong Kong	Ordinary	HK$1	100%	100%	Property holding
Keen Virtue	BVI	Ordinary	US$1	100%	100%	Investment holding
Apex Wealth International Limited*	BVI	Ordinary	US$1	100%	100%	Investment holding
Colorise Development Limited*	Hong Kong	Ordinary	HK$1	100%	100%	Investment holding
Rykadan 001 LLC*	U.S.A.	Capital contribution	US$100	100%	100%	Property development
Rykadan 002 LLC*	U.S.A.	Capital contribution	US$100	100%	100%	Property development
Rykadan 003 LLC*	U.S.A.	Capital contribution	US$100	100%	100%	Property development
Rykadan 005 LLC*	U.S.A.	Capital contribution	US$100	100%	100%	Property development
Sigrid Holdings Limited*	BVI	Ordinary	US$1	100%	100%	Property development
Q-Stone*	Hong Kong	Ordinary	HK$10,000	87%	87%	Trading of construction and interior decorative materials
格利來建材(北京)有限公司*#	The PRC	Registered capital	RMB7,000,000	87%	87%	Trading of construction and interior decorative materials
格利來建材(深圳)有限公司*#	The PRC	Registered capital	RMB1,000,000	87%	87%	Trading of construction and interior decorative materials
美邦啟立光電科技(上海)有限公司*#	The PRC	Registered capital	US$12,700,000	59%	59%	Property holding
Rykadan Management Services Limited*	Hong Kong	Ordinary	HK$1	100%	100%	Provision of management service

* These entities are indirectly held by the Company.

These entities are foreign owned enterprises established in the PRC.

(Expressed in Hong Kong dollars)

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2017

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2017 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*	1 January 2017
Amendments to HKAS 12, *Income taxes: Recognition of deferred tax assets for unrealised losses*	1 January 2017
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
Amendments to HKFRS 2, *Share-based payment: Classification and measurement of share-based payment transactions*	1 January 2018
HKFRS 16, *Leases*	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, *Revenue*, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specifies the accounting for revenue from construction contracts.

The Group is currently assessing the impacts of adopting HKFRS 15 on its consolidated financial statements. Based on the preliminary assessment, the Group has identified the following areas which are likely to be affected:

(a) Timing of revenue recognition

The Group's revenue recognition policies are disclosed in note 2(s). Currently, revenue arising from rental income and the provision of services is recognised over the accounting periods covered by the lease term and over time respectively, whereas revenue from the sale of properties and distribution of construction and interior decorative materials is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2017 (Continued)

HKFRS 15, *Revenue from contracts with customers* (Continued)

(a) Timing of revenue recognition (Continued)

(ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

As a result of this change from the risk-and-reward approach to the contract-by-contract transfer-of-control approach, the Group's income from property development activities will depend on the terms of the sales contract and the enforceability of any specific performance clauses in that contract, which may vary depending on the jurisdiction in which the contract would be enforced. It is also possible that for the remainder of the Group's contracts that point in time when revenue is recognised may be earlier or later than under the current accounting policy. However, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period.

(b) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group would only apply such a policy when payments are significantly deferred, which is currently not common in the Group's arrangements with its customers. Currently, the Group does not apply such a policy when payments are received in advance.

Advanced payments are not common in the Group's arrangements with its customers, with the exception of when properties are marketed by the Group while the properties are still under construction. In this situation, the Group may offer buyers a discount compared to the sales price payable, provided the buyer agrees to pay the balance of the purchase price early.

Currently, the revenue from property sales is recognised when the property is complete, measured at the amount received from the customer, irrespective of whether the customer pays early or on completion. However, under HKFRS 15 such advanced payment schemes are likely to be regarded as including a financing component.

The Group is in the process of assessing whether this component in the Group's advanced payment schemes would be significant to the contract and therefore whether, once HKFRS 15 is adopted, the transaction price would need to be adjusted for the purposes of recognising revenue. Any adjustment to the transaction price under HKFRS 15, if considered necessary, would result in interest expense being recognised while the construction work is still in progress to reflect the effect of the financing benefit obtained from the customers, with a corresponding increase to revenue on sale of properties recognised when control of the completed property is transferred to the customer.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2017 (Continued)

HKFRS 16, *Leases*

As disclosed in note 2(i), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 specifies that lessees should account for all leases in a similar way to the current finance lease accounting. The adoption of HKFRS 16 will primarily affect the Group's accounting as a lessee of the leases for properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated income statement over the period of the lease. As disclosed in note 30(b), at 31 March 2017 the Group's future minimum lease payments under non-cancellable operating leases amounted to $1,752,000. It is expected that a majority of the future minimum lease payments will need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of the new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16.

HKFRS 9, *Financial instruments*

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, *Financial instruments: Recognition and measurement*. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

35 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

RESULTS

	Year ended 31 March				
	2013 HK$'000 (Note a)	2014 HK$000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
Revenue from continuing operations	156,422	2,116,234	321,723	153,108	**602,325**
Profit/(loss) for the year from continuing operations	(29,481)	702,882	101,797	(91,636)	**54,385**
Profit for the year from discontinued operations	168,964	49,384	9,848	–	**–**
Profit/(loss) for the year	139,483	752,266	111,645	(91,636)	**54,385**
Profit/(loss) for the year attributable to:					
Equity shareholders of the Company	138,099	421,874	113,414	(83,363)	**53,510**
Non-controlling interests	1,384	330,392	(1,769)	(8,273)	**875**
	139,483	752,266	111,645	(91,636)	**54,385**

ASSETS AND LIABILITIES

	As at 31 March				
	2013 HK$'000	2014 HK$000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
Total assets	2,092,482	2,204,839	1,666,871	1,973,558	**1,671,381**
Total liabilities	1,082,324	773,297	414,662	857,783	**526,865**
	1,010,158	1,431,542	1,252,209	1,115,775	**1,144,516**
Equity attributable to shareholders of the Company	865,036	1,237,887	1,198,442	1,080,018	**1,112,449**
Non-controlling interests	145,122	193,655	53,767	35,757	**32,067**
	1,010,158	1,431,542	1,252,209	1,115,775	**1,144,516**

Note:

(a) The results for the year ended 31 March 2013 have not been re-presented for the operations discontinued in 2015.