RYKADAN CAPITAL LIMITED
宏基資本有限公司

(Incorporated in the Cayman Islands with limited liability)
（Stock code : 2288）

Annual Report 2021

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

CHAN William *(Chairman and Chief Executive Officer)*
YIP Chun Kwok *(Chief Operating Officer)*
LO Hoi Wah, Haywood *(Chief Financial Officer)*
(appointed on 1 July 2021)

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

LO Hoi Wah, Heywood *(resigned on 1 July 2021)*
LUI Man Kit *(appointed on 1 July 2021)*

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

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
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 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

2288

COMPANY'S WEBSITE

www.rykadan.com

INVESTOR RELATIONS CONTACT

Think Alliance Group
Room 1102, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

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CHAIRMAN'S STATEMENT

William Chan,
Chairman and Chief Executive Officer

Dear shareholders,

I am delighted to present you with the annual report of Rykadan Capital Limited ("Rykadan Capital" or the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2021.

Despite the extraordinary and difficult challenges posed by the COVID-19 pandemic, it has been an active year for Rykadan Capital. We successfully monetised several overseas projects, meaning that the pandemic did not stall the ongoing development of our property development business. We also returned a considerable amount of capital to our shareholders via a major share buy-back programme, a step that undoubtedly was highly welcomed and appreciated during a difficult year for everyone.

We have accomplished this while still maintaining a solid balance sheet and actively exploring and investing in promising development projects that will enable our future growth. These projects are likely to be in the United States of America (the "U.S.A."), Hong Kong and Mainland China – markets that are expected to bounce back quickly post-pandemic and where we already maintain a strong track record.

Investing in new high-potential investments will remain our strategy for growing asset values and realising them within a three-to-five-year horizon – an approach that has served Rykadan Capital well and will further sharpen our ability to navigate volatile market cycles going forward. And whenever appropriate, we will jointly capitalise new projects with private equity funds managed by our asset, investment and fund management business, thereby strengthening our overall business on two fronts.

In the meantime, we maintain a global footprint with several promising property developments on hand in Hong Kong and the U.S.A.. In Hong Kong, our projects in Wan Chai and Wong Chuk Hung, which were the first two projects funded by the abovementioned joint-funding model, are proceeding on schedule and are expected to be delivered in the first half of next year. Both projects tie into

the "decentralisation" theme that we expect will revive again post-pandemic in Hong Kong, where companies continue to seek modern and flexible hybrid work environments that address both in-person and work-from-home collaboration. In the U.S.A., the Monterey Park Towne Centre Project in Los Angeles has progressed to the design approval and planning stage. Additionally, we recently acquired a new residential and retail property development site with a joint venture partner, also in the Los Angeles area.

In order to enhance the market appeal of our projects and maximise their monetisation potential post-pandemic, we have incorporated strong design, as well as sustainable and energy-saving elements into each of our projects on hand in Hong Kong and the U.S.A..

Elsewhere in the Group, we have continued to expand our asset, investment and fund management business which provided the Group with stable recurring fee income throughout the year. We have also maintained our hospitality interests in Bhutan and in the business of distributing construction and interior decorative materials (specifically quartz and marble-based engineered stone composite surfaces products) although the activity levels of both businesses were impacted by the pandemic.

Looking ahead, the economic stimuli and vaccination programmes being promoted by governments to fuel the post-pandemic recovery will support demand for quality real estate development projects. Although new risks may emerge, particularly inflation and higher interest rates, we are optimistic that with our track record and experience, we will be able to overcome these challenges and continue to deliver additional value to our shareholders.

On behalf of the board of directors, I would like to express my sincere thanks to our staff, business partners and management team for their dedication and support throughout the year. And I would also like to reserve my special thanks for our shareholders for lending their continuous support to Rykadan Capital.

William Chan
Chairman and Chief Executive Officer

Hong Kong, 24 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

2020 was a difficult year for the global economy, with the COVID-19 pandemic, global lockdowns and volatile market conditions weighing heavily on business sentiment. However, despite these considerable external headwinds, the Group maintained a steady pace of project completions, while continuing to grow its fee-generating businesses and push forward its other property redevelopment projects. This enabled the Group to steadily develop its property development business in concurrence with its asset, investment and fund management business in line with its strategy of securing high-potential investments, growing asset values and exiting within a three-to-five-year horizon.

During the year, the Group successfully monetised certain overseas development projects in the United Kingdom (the "U.K.") and the United States of America (the "U.S.A."), despite the particularly challenging operating environment in these countries. It also exited a project in Mainland China and progressed its other luxury residential and retail property projects in the U.S.A. to design and development stages.

In Hong Kong, the construction of the Group's two promising real estate redevelopment projects – the Wong Chuk Hang Project and the Jaffe Road Project – remained on schedule. And in line with its unwavering commitment to its headquarter city, the Group continued exploring new high-potential real estate redevelopment projects during the year under review.

Elsewhere, the Group continued to maintain its revenue base with its asset, investment and fund management business generating stable recurring fee income throughout the year.

The Group also took various steps to enhance overall returns to its shareholders during the year. It completed a major share buy-back programme at the end of 2020 that delivered a considerable premium to the Company's shareholders during such a year of significant price turbulence. It also explored and invested in debt investment opportunities that are collateralised with real estate assets, with an intent to deliver higher value to shareholders with mitigated risks.

As of 31 March 2021, the Group's investments included commercial, industrial and residential property developments in Hong Kong and the U.S.A.. It also invested in a leading international distributor of construction and interior decorative materials, as well as hospitality operations.

As of 31 March 2021, the Group's total assets were valued at HK$1,549 million (2020: HK$1,804 million), of which HK$852 million (2020: HK$1,207 million) were current assets, approximately 3.16 times (2020: 2.65 times) of current liabilities. Equity attributable to the equity shareholders of the Company was HK$1,277 million (2020: HK$1,323 million).

Overall performance

During the year ended 31 March 2021, the Group's consolidated revenue amounted to HK$168 million (2020: HK$111 million). The consolidated revenue was mainly attributed to the exit and monetisation of property development projects in the U.K. and the U.S.A., complemented by the income generated from the Group's asset, investment and fund management business. Its gross profit and gross profit margin were HK$19 million (2020: HK$43 million) and 11.3% (2020: 39.0%) respectively.

The Group recorded a profit of HK$31 million during the year (2020: loss of HK$85 million), while the profit attributable to equity shareholders of the Company was HK$5 million (2020: loss attributable to equity shareholders of the Company of HK$77 million). The profit was mainly attributable to a one-off gain on disposal of interest in a subsidiary and share of profit of joint ventures as well as favourable net foreign exchange gains from Renminbi and British Pound, notwithstanding the provision for expected credit losses on trade and other receivables made during the year.

Basic and diluted earnings per share for the year ended 31 March 2021 was HK1.0 cents (2020: basic and diluted loss per share of HK16.2 cents).

The Board declared a final dividend per share of HK3 cents (2020: HKNil cents).

Conditional Cash Offer to Buy-back up to 102,000,000 Shares at HK$0.68 Per Share

On 28 September 2020, the Company published an announcement in relation to a conditional offer to buy-back for cancellation up to 102,000,000 ordinary shares of the Company, representing approximately 21.36% of the total issued shares as at the date of such announcement, at the price of HK$0.68 per share (the "Offer"). The Offer and the related application of whitewash waiver were approved by the shareholders of the Company (the "Shareholders") at the extraordinary general meeting held by the Company on 23 November 2020. The Offer became unconditional in all respects on 23 November 2020 and was fully accepted on 7 December 2020. An aggregate cash consideration of HK$69,360,000, funded by internal resources of the Group, was paid by the Company, following which those 102,000,000 shares bought-back by the Company were cancelled on 14 December 2020. The Board considered that the Offer was in the best interest of the Shareholders as it would (a) provide an opportunity for the Shareholders to sell their shares at a premium to the prevailing market prices of the shares and receive cash proceeds in return, and (b) present an immediate opportunity for the Shareholders to dispose of their shares, not constrained by trading liquidity, and exit their investment for cash proceeds. The Board believed that the Offer provided an immediate opportunity for the Shareholders to dispose of their shares (or a part thereof) at a premium to the prevailing market prices or to increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group, and that the Offer was accretive to the net assets value attributable to equity shareholders of the Company per share and, with less shares in issue, the market price per share, thus benefiting all the Shareholders and enhancing the future financing capability of the Company through secondary issuances. For more details of the Offer, please refer to the announcements of the Company dated 28 September 2020, 19 October 2020, 30 October 2020, 23 November 2020, 7 December 2020 and 14 December 2020 and the circular of the Company dated 30 October 2020.

Material Acquisition and Disposal

In May 2020, the Group acquired approximately 2.53% of the partnership interest in Rykadan Real Estate Fund LP at a consideration of HK$17,500,000. Upon completion of the acquisition, the partnership interest held by the Group increased from 1% to approximately 3.53%. (For details, please refer to note 16 to the consolidated financial statements).

In September 2020, the Group disposed of its entire equity interest in Bestlinkage NHI Co., Ltd ("Bestlinkage"), an indirect non-wholly owned subsidiary of the Company, and the shareholder's loan owing by Bestlinkage to Power City Investments Limited, a 59%-owned indirect subsidiary of the Company, at an aggregate consideration of RMB338 million. (For details, please refer to note 37 to the consolidated financial statements).

Investment Portfolio

As at 31 March 2021, the Group's bank deposits and cash was HK$370 million (2020: HK$242 million), representing 23.9% (2020: 13.4%) of the Group's total assets.

The following table shows the Group's investments as at 31 March 2021.

Real estate investments

Investment	Location	Type	Group's interest	Status as of 31/3/2021	Total gross floor area *(Note)*	Attributable gross floor area
Winston Project	1135 Winston Avenue, San Marino, CA 91108, the U.S.A.	Residential property	100%	Completed and being marketed to buyers	3,973 square feet	3,973 square feet
Monterey Park Towne Centre Project	100, 120, 150, 200 South Garfield and 114 East Garvey and City Parking Lot, Monterey Park, CA 91755, the U.S.A.	Residential and retail property	100%	Under planning	234,681 square feet	234,681 square feet
Singing Wood Project	960 Singing Wood Drive, Arcadia, CA 91006, the U.S.A.	Residential property	100%	Under construction. Expected to be completed in June 2021	9,124 square feet	9,124 square feet
Broadway Project	216-220 East Broadway, San Gabriel, CA 91776, the U.S.A.	Residential and retail property	50%	Under planning	15,180 square feet	7,590 square feet
Jaffe Road Project	216, 216A, 218, 220 and 222A Jaffe Road, Wanchai, Hong Kong	Commercial and retail property	3.55%	Under construction. Expected to be completed in June 2022	49,019 square feet	1,740 square feet
Wong Chuk Hang Project	23 Wong Chuk Hang Road, Hong Kong	Commercial and retail property	22.82%	Under construction. Expected to be completed in March 2022	107,208 square feet	24,465 square feet

Investment	Location	Type	Group's interest	Status as of 31/3/2021	Total gross floor area *(Note)*	Attributable gross floor area
Maple Street Project	124-126, 130, 132 and 134 Bedford Road, Tai Kok Tsui, Kowloon	Industrial property	100%	Completed. Remaining 2 floors and various car parking spaces being marketed to buyers	6,323 square feet	6,323 square feet
2702, 2802, 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)	13,467 square feet	13,467 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

Note: Gross floor area is calculated based 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	A joint venture, producer of quartz and marble-based engineered stone and composite surfaces products	43.5%
RS Hospitality Private Limited ("RS Hospitality")	A joint venture for operating 24-suite boutique resort in Bhutan	50%

Summary and review of investments

Property development/Asset, investment and fund management

During the year under review, the Group monetised certain overseas property development projects, including the handover of the 265 Naomi Project in Arcadia, the U.S.A. and the successful divestment of the Shoreditch Project prior to the U.K. entering its second COVID-19 lockdown.

In the U.S.A., the Group completed the Winston Project, which was being marketed to buyers as of 31 March 2021. It continued to progress its other development projects in the U.S.A., with the Monterey Park Towne Centre Project currently being in the design approval and planning phase and the Singing Wood Project approaching completion. It also acquired a residential and retail property development site with a joint venture partner during the year.

In Hong Kong, the construction of the two commercial and retail redevelopment projects – the Wong Chuk Hang Project and the Jaffe Road Project – continued to progress smoothly and are on schedule to be completed in March 2022 and June 2022 respectively.

Each of the Wong Chuk Hang Project and the Jaffe Road Project is jointly funded by the Group and a private equity fund that is managed by the Group's asset, investment and fund management business. The projects are being redeveloped jointly in accordance with the respective fund's mandate. During the year under review, the Group continued to build up its asset, investment and fund management business as part of its strategy to broaden its capital base and tap larger-scale property projects.

The Group also continued to provide property development management services for the Wong Chuk Hang Project and the Jaffe Road Project via its wholly-owned subsidiary, Rykadan Project Management Limited. These services are provided with service fees at a fixed percentage of the actual total construction costs.

In addition to the projects and initiatives outlined above, the Group will continue to prudently seek and identify new property redevelopment opportunities and regularly evaluate its projects on hand with a view of materialising these investments at an appropriate time.

Property investment

The Group holds several properties as investments in Hong Kong and Bhutan.

In Hong Kong, the Group retains two floors of Rykadan Capital Tower and various car parking spaces for its own use and for earning stable rental income.

In Bhutan, the Group invests in a 24-suite boutique resort located in Bhutan's Punakha Valley, operated by RS Hospitality.

Distribution of construction and interior decorative materials

Quarella, controlled by Quarella Holdings Limited, a joint venture of the Group, is a world leader in the design and manufacturing of quartz and marble-based engineered stone composite surfaces products, with factories and research and development centres in Italy. Established over 50 years ago, its products are used in many prominent hotels, airports, train stations, commercial buildings and shopping malls around the world.

Quarella's business in the U.S.A. is continuing to expand at a solid pace. Post-pandemic, its management plans to explore new growth opportunities in Australia, Europe and South-East Asia.

Direct impact of the COVID-19 pandemic

The global COVID-19 pandemic directly impacted certain parts of the Group's business during the year ended 31 March 2021.

A tourism ban in Bhutan remained in force during the entire year, significantly impacting the Group's share of operational income from RS Hospitality. As of the date of this report, RS Hospitality expects its operational income to remain impacted until the removal of the tourism ban.

Quarella's manufacturing operations in Italy were temporarily suspended as part of the country's lockdown for the entire month of April 2020 until early May 2020, after which operations resumed normal for the rest of the year under review.

As of 31 March 2021, the financial impact of the COVID-19 pandemic on the Group is not material.

Outlook

Heading into the remainder of 2021, the Hong Kong property market is likely to continue demonstrating its resilience in the face of numerous and diverse challenges. Meanwhile, the U.S.A. property market is once again growing strongly despite the economy only recently emerging from recession. As a result, the Group remains cautiously optimistic about its short-term prospects and the outlook for its ongoing property redevelopment projects in Hong Kong and the U.S.A..

However, the Group could face longer-term headwinds, such as inflation and higher interest rates resulting from massive government stimulus measures – particularly in the U.S.A. – and ongoing supply chain bottlenecks and shortages resulting from the COVID-19 pandemic. The Group will carefully consider these uncertainties and risks as it continues to seek new high-potential redevelopment projects in Hong Kong, Mainland China and overseas markets, as well as opportunities to expand its asset, investment and fund management business.

The Group will also continue to explore other ways to deliver additional returns to its shareholders, including debt investment opportunities.

This proactive but prudent strategy will continue to support the Group's future performance and create further value for its shareholders.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources

The Group adheres to the principle of prudent financial management to minimise financial and operational risks across its various business units in Hong Kong and overseas. In order to implement this principle, the control of the Group's financial, capital management and external financing functions are centralised at its headquarters in Hong Kong.

The Group mainly relies upon internally generated funds and bank borrowings to finance its operations and expansion.

As of 31 March 2021, the Group's total debts (representing total interest-bearing bank borrowings) to total assets ratio was 15.6% (2020: 16.9%). The net gearing ratio (net debts, as defined by total debts less unrestricted bank balances and cash, to equity attributable to equity shareholders of the Company) was Nil (2020: 5.0%) as the Group has net cash of HK$129 million as at 31 March 2021 (2020: net debts of HK$67 million).

As of 31 March 2021, the total bank borrowings of the Group amounted to HK$241 million (2020: HK$305 million). The bank borrowings of the Group were mainly used to finance the retaining of two floors of Rykadan Capital Tower, the property development projects and its investment in Quarella. The total bank borrowings were secured by investment properties, properties for sale and buildings. Further costs for developing the property redevelopment projects and the Quarella business will be financed by unutilised banking facilities or internally generated funds.

As of 31 March 2021, the Group's current assets and current liabilities were HK$852 million (2020: HK$1,207 million) and HK$270 million (2020: HK$455 million) respectively. The Group's current ratio increased to 3.16 (2020: 2.65). The internally generated funds, together with unutilised banking facilities will 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 27 to the consolidated financial statements.

Commitments and Contingent Liabilities

For commitments and contingent liabilities, please refer to notes 35 and 36 of the consolidated financial statements respectively.

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

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

A certain amount of the Group's bank borrowings has been made at floating rates.

The Group has not implemented any foreign currencies and interest rates hedging policy. However, the Group's management will monitor the foreign currencies and interest rates exposures of 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. For loans and other receivables, the Group performs credit assessments before approving loans to applicants and regularly reviews the recoverability of each individual receivable.

Given the impact of the COVID-19 pandemic and tightening credit conditions in Mainland China, the Group's management is closely monitoring and reviewing from time to time its credit policies, the recoverability of trade receivables and the financial position of its customers in order to keep the credit risk exposure of the Group at a very low level.

Employees and Remuneration Policies

As at 31 March 2021, the total number of employees of the Group is 27 (2020: 29). The Group is committed to the concept of fair and responsible remuneration for its executive members and prescribed officers in line with the Company's and individual performance, market trends and in the context of overall employee remuneration. Total remuneration for employees (including the directors' remuneration) was HK$25 million for the year (2020: HK$41 million).

The board of directors (the "Board") is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 March 2021.

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 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 2021, 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 formalised 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 Operating Officer)

Non-executive director:

Mr. NG Tak Kwan

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 34 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.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy in accordance with the requirements set out in the code provisions of the CG Code. The Company recognises the benefits of having a diverse Board, and sees diversity at the Board level essential in achieving a sustainable and balanced development. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, educational background, ethnicity, professional experience, skills, knowledge, industry experience and expertise. All Board appointments are based on meritocracy and considered against a variety of criteria, having due regard for the benefits of diversity on the Board.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 March 2021, 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 2021, 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 separated 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.

Pursuant to the code provision A.4.3 of CG Code, any further appointment of an independent non-executive director serving more than nine years should be subject to a separate resolution to be approved by shareholders. Mr. To King Yan, Adam is an independent non-executive director serving the Company since 2009. Mr. To has met the independence guidelines set out in Rule 3.13 of the Listing Rules and has made an annual confirmation of independence to the Company. The Board is satisfied that Mr. To who served the Company for more than nine years, remains independent, and considers that he would be able to continue to discharge his duties as an independent non-executive director to the Company. Mr. To should be re-elected and separate resolution will be proposed for his re-election at the 2021 annual general meeting ("AGM").

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

During the year ended 31 March 2021, 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 comments 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 2021.

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 2021. 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 10 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 2021 is set out below

Remuneration Bands	Number of Individuals
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	1

Nomination Committee

The Nomination Committee comprises 3 members, the majority of them are independent non-executive directors. The Nomination Committee is provided with sufficient resources to discharge its responsibilities.

The terms of reference of the Nomination Committee setting out the committee's authorities and duties, which follow closely the guidelines of the code provisions of the CG Code, are available on the Company's website.

The principal duties of the Nomination Committee are as follows:

(i) to review the structure, size and composition (including skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(ii) to identify individuals suitably qualified to become the Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; and

(iii) to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.

The above principal duties are regarded as the key nomination criteria and principles for the nomination of directors of the Company, which also form part of the nomination policy of the Company. In selecting and recommending candidates for directorship to the Board, the Nomination Committee would consider various aspects such as candidate's qualification, time commitment to Company and contributions that will bring to the Board as well as factors concerning board diversity as set out in the Company's board diversity policy, before making recommendation to the Board on the appointment of directors.

The Nomination Committee is also responsible for assessing the independence of the independent non-executive directors.

One meeting had been held by the Nomination Committee during the year ended 31 March 2021.

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

Audit Committee

The Audit Committee comprises all the 3 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 for assisting 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 2021. The Audit Committee has performed the following work during the year: (i) to review the financial reporting and compliance procedures; (ii) to review the annual results for the year ended 31 March 2020 and the interim results for the half year ended 30 September 2020; (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 2021 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 2021, the Board reviewed its CG 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 five Board meetings held during the year ended 31 March 2021, two of which were regular meetings held for approving the final results for the year ended 31 March 2020 and approving the interim results for the period ended 30 September 2020. 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 Board meetings, Audit Committee meetings, Nomination Committee meeting and general meetings of the Company held during the year ended 31 March 2021 is as follows:–

Name of Directors	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Annual General Meeting	Extraordinary General Meeting
	Attendance/Number of Meetings held during the tenure of directorship				
Executive Directors					
Chan William	5/5	N/A	1/1	1/1	1/1
Yip Chun Kwok	5/5	N/A	N/A	1/1	1/1
Non-Executive Director					
Ng Tak Kwan	5/5	N/A	N/A	1/1	1/1
Independent Non-Executive Directors					
Ho Kwok Wah, George	5/5	2/2	1/1	1/1	1/1
To King Yan, Adam	5/5	2/2	N/A	1/1	1/1
Wong Hoi Ki	5/5	2/2	1/1	1/1	1/1

Apart from regular Board meetings, the Chairman also held meeting with the independent non-executive directors of the Company without the presence of other directors during the year.

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 2021.

In preparing the consolidated financial statements, the directors have adopted generally accepted accounting standards 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.

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 Group about their reporting responsibilities for the consolidated financial statements is set out in the section headed "Independent Auditor's Report" on page 45.

AUDITORS' REMUNERATION

The remuneration charged by the Company's external auditor in respect of audit services and non-audit services for the year ended 31 March 2021 is set out below:–

Category of Services	Fee Paid/Payable (HK$)
Audit Services	1,277,000
Non-audit Services	
– Internal control advisory work	188,000
– Tax compliance work	164,000
– Others	710,000
TOTAL	2,339,000

DIVIDEND POLICY

The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the articles of association of the Company and all applicable laws and regulations. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Company has no fixed dividend payout ratio. The Board considers that, in general, the amount of dividends to be declared will depend on the Group's financial results, cash position, capital requirements, business conditions and strategies, and other factors as may be considered relevant at such time by the Board.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the Group's risk management and internal control systems and overseeing 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 for reviewing 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 2021, 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 2021, 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 rather than eliminate 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 levels of management within the Group. The Board sets the tone and provides 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 sets 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 for 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 reviews the effectiveness of the Company's internal control procedures and is 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

Mr. Lo Hoi Wah, Heywood ("Mr. Lo") has been appointed the Company Secretary of the Company in February 2020. Mr. Lo has taken no less than 15 hours of relevant professional training during the financial year ended 31 March 2021.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective and ongoing communication with shareholders is essential for enhancing investor relations and investor's understanding of the Group's business performance and strategies. The Company also recognises 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 reports 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 2021, 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 Company Secretary, 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 of directors (the "Board") is pleased to present this Environment, Social and Governance ("ESG") report (the "Report" or "ESG Report") of Rykadan Capital Limited (hereinafter referred to as "Rykadan" or the "Company") and its subsidiaries (collectively, referred to as the "Group"), covering the period from 1 April 2020 to 31 March 2021, to demonstrate our efforts in managing our environmental and social impacts.

1. ABOUT THIS REPORT

1.1 Overview

Here at Rykadan, we strive to conduct our business in line with all applicable regulatory requirements, and achieve long-term corporate sustainability through our corporate social responsibility practices. We are committed to delivering quality products that are environmentally, socially and economically responsible, and seek to partner with others that share the same value.

1.2 Reporting Standards

This ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). An index table aligning the Report content with the ESG Reporting Guide requirements has been included in Appendix I of this Report for reader's reference.

1.3 Reporting Principles

We applied principles of materiality, quantitative, balance and consistency according to ESG Reporting Guide, and responded to the above principles during the preparation process to ensure that the Report presents clear, quantifiable and comparable information on the environmental, social and governance issues of concern to stakeholders.

Principles		The Group's response
Materiality	The issues covered in the report should reflect the significant impacts of the Group on the economy, environment and society, or the scope of assessments and decisions of stakeholders being affected.	Material sustainability issues are identified through continuous communication and exchanges with stakeholders and based on the Group's strategic development and business operations.
Quantitative	The report should disclose key performance indicators in a measurable manner.	Quantitative disclosure of the Company's key environmental and social performance indicators, and provision of textual explanations for quantitative resources.
Balance	The ESG report should provide an unbiased picture of the issuer's performance. The ESG report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgement by the report reader.	This Report provides an unbiased picture of our environmental and social performance.
Consistency	The issuer should use consistent methodology to allow for meaningful comparisons of ESG data over time. The issuer should disclose any changes on the methods used in the ESG report.	The methodology for preparing the Report is well defined. The reporting scope of this Report is the same as that of prior year's ESG Report.

1.4 Scope of the Report

This ESG Report covers the ESG policies and initiatives of our property development and investment (including asset, investment and fund management) and the distribution of construction and interior decorative materials businesses. With our head office based in Hong Kong, our property projects spread across Hong Kong and the United States of America (the "U.S.A."); while the distribution of construction and interior decorative materials business is mainly conducted in Hong Kong and the PRC at our head office and mainland offices. Other investments (i.e. Broadway Project, Quarella Holdings Limited and RS Hospitality Private Limited) are excluded from this Report since we do not have direct control over the business operation of these investments.

Environmental and social key performance indicators (the "KPIs") disclosed in this ESG Report cover our head office in Hong Kong and the Beijing office. For property development, as the construction activities are carried out by contractors, we also report our contractors' environmental and social performance at the construction sites to reflect the ESG impact of our projects. Properties that are not under construction and/or being marketed for sale or rental, are excluded from ESG data disclosure for there were neglectable consumptions. For easy reference, the list below summarises our real estate investments and the inclusion status of their ESG data in this Report:

Region	Investment	Status as at 31 March 2021	ESG Data	Remarks
Hong Kong	Wong Chuk Hang Project	Under construction	Y	Expected to be completed in March 2022
	Jaffe Road Project	Under construction	Y	Expected to be completed in June 2022
	Maple Street Project	Completed	N	Remaining 2 floors and various car parking spaces being marketed to buyers
	2702, 2802, 2803, 2804 and various car parking spaces at Rykadan Capital Tower	Completed	N	Classified as investment properties
	Various car parking spaces at Rykadan Capital Tower	Completed	N	Classified as properties for sales
The U.S.A.	Winston Project	Completed	N	Being marketed to buyers
	Monterey Park Towne Centre Project	Under planning	N	–
	Singing Wood Project	Under construction	Y	Expected to be completed in June 2021

2. OUR ESG APPROACH

2.1 ESG management and governance

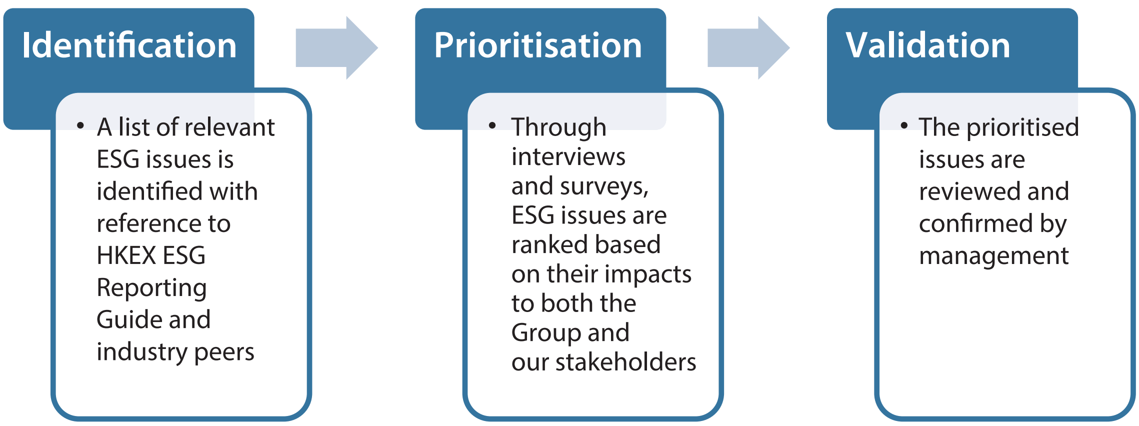
Rykadan recognises the importance of sustainable development to the long-term growth of the Company. In our daily operations, we incorporate different environmental and social considerations into our business activities where feasible to ensure full compliance with regulatory requirements while reducing the impact on the environment and society. The Board comprehensively supervises ESG matters, and obtains the latest information on key ESG matters and decisions from management.

In 2021, we worked with an external consultant on establishing an ESG governance structure to look into the possible structures suitable for the Group's current business and give insights to the establishment of a formal ESG governance structure in the following years. This practice will enhance the Board's supervision over ESG issues and promote better ESG management within our operations.

2.2 Stakeholder engagement and materiality assessment

To better understand the needs of stakeholders, we regularly interact with our stakeholders to gain valuable feedback and address their concerns with regards to our ESG effort. Their input allows us to understand the key ESG issues that are important to the Group and focus our efforts on managing these issues, reasonably plan follow-up work and collaborate closely with stakeholders to promote sustainable development.

In accordance with the materiality reporting principle, we previously conducted materiality assessments through interviews and surveys with our stakeholders to understand the priorities of various ESG issues to our business.



In 2021, we completed additional interviews with our senior management to confirm the applicability of the identified material ESG issues to our operations. The results of the materiality assessment are categorised by aspect as follows:

Material issue	Category	Relevance to the business
Social	Product responsibility	We take pride in the responsible 'design and build' of our properties, where we strive for designs that meet the quality expectation from users such as ventilation and natural light penetration in the buildings.
	Health and safety	Construction safety is another key issue for our property development business. We encourage our contractors to strive to reach the goal of zero accident in all our construction sites.
	Supply chain management	We rely on construction contractors and decorative material suppliers to deliver quality products to our customers. It is important that we pay attention to compliance and ESG performance of our suppliers and contractors to better manage the ESG impact on our businesses.
	Anti-corruption	Conducting business ethically is essential to our business. We are against any bribery or corrupt practices among our staff and in business operations.
Environmental	Climate change and GHG emissions	The climate change brought by extreme weather may disrupt our property constructions and the logistics of our distribution business. Hence it is important that we work with our contractors and business partners to plan for contingences to minimise the impact of possible disruption brought by climatical events.

3. OPERATING PRACTICE

3.1 Securing product and service quality

Property development

In our property development business, we strive to provide quality properties to our customers. We consider the design in each of our projects from the perspective of end users, care for their needs and provide them with user-friendly designs where practicable. To ensure the safety of our buildings, we adhere to the health and safety requirements of local regulations on building designs, including fire safety and other necessary provisions. Additionally, we include the elements of resource-efficient and environmentally friendly where it is economically sound in our buildings. We understand our social responsibilities towards the community as a property developer as well as the impact of our business on it.

We strictly adhere to local government regulations and industry guidelines, for example, the International Building Code and the Consent Scheme of the Hong Kong Lands Department. We forbid any exaggeration in marketing and communication materials on our redeveloped properties.

Distribution of construction and interior decorative materials

Our distribution of construction and interior decorative materials business are mainly sourced from Quarella, which is a well-known international brand. Quarella has been subjected to strict quality control and safety testing and local environmental and social laws and regulations during the production processes. We fulfill our social responsibility by providing customers with basic training and preventive measures on handling materials when delivering products to reduce the health impact of dust generated during cutting and installation.

The Group regards the communication with our customers as an important channel for collecting feedback and suggestions. We regularly reach out to customers through various channels such as phone calls, emails and physical meetings. Meanwhile, we set up formal policy and process to ensure customer's complaints are received and handled properly. With respect to privacy issues, we adhere to relevant regulations including the Personal Data (Privacy) Ordinance (Cap. 486) in our daily operations and prohibit any unauthorised disclosure of personal information.

Regulatory compliance

During the year under review, we were not aware of any material non-compliance with laws and regulations related to health and safety, advertising, labelling and privacy matters.

3.2 Anti-corruption

Rykadan is committed to high standards of ethics and integrity, strictly abiding by relevant laws and regulations. We attach great importance to anti-corruption work with zero tolerance against any form of bribery, corruption and fraud. This commitment is further reinforced by our Code of Ethics and Conduct Policy, which aims to ensure that all operational activities related to ethics and business integrity comply with the code of integrity. Any violation of the Code of Ethics and Conduct Policy would result in disciplinary action, including possible termination of employment. The policy prevents bribery, insider trading, conflicts of interests and misuse of assets and resources, etc.

The Code of Ethics and Conduct Policy also provides detailed guidance on how employees should act when facing any of the above situations. To encourage employees as well as external stakeholders to report any potential improprieties, we have in place a Whistle Blowing Policy to ensure that all complaints received are handled efficiently with impartiality. Employees are obliged to report any suspected cases of corruption or other forms of criminality, and a report will be made to the Independent Commission against Corruption or other appropriate authorities. Under the policy, any unlawful or unethical conduct will be investigated promptly, while all information received shall be kept confidential to prevent retaliation.

Regulatory compliance

During the year under review, we were not aware of any material non-compliance relating to bribery, extortion, fraud and money laundering.

3.3 Supply chain management

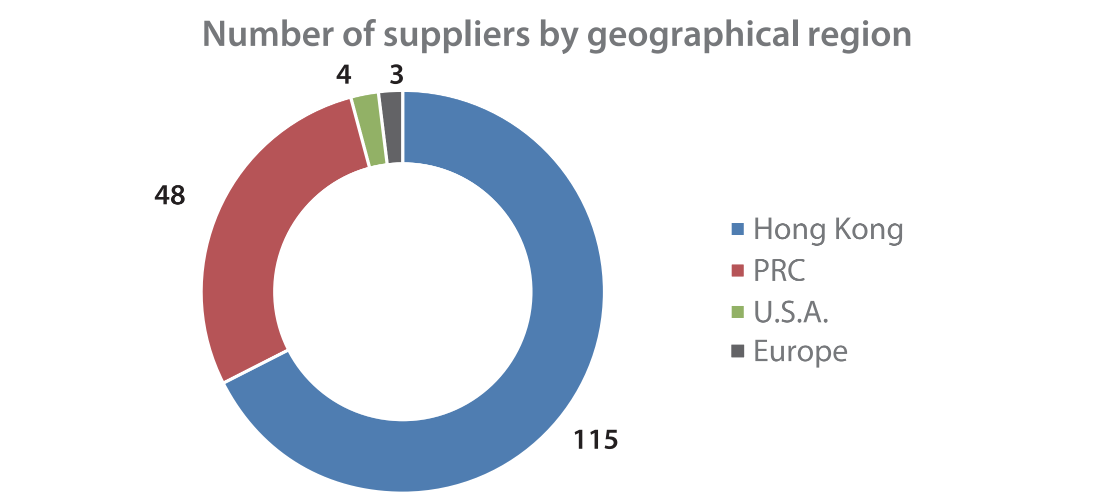
Suppliers' performance has an important impact on product quality, safety, after-sales service, etc. The growth of the Group is inseparable from the support of our suppliers. We strictly abide by relevant laws and regulations, improves the internal management system, regularly conducts supplier evaluation and assessment, ensures the stability and compliance of the supply chain, and urges suppliers to actively fulfill its social responsibilities, striving to establish a cooperative relationship of mutual assistance and trust, and promote the sustainable development of the whole supply chain.

We have established transparent procurement and tendering procedures to support our business operations. While price, quality and timely delivery are the main considerations for our service or goods procurement, we also take our suppliers' ESG performance, especially in terms of regulatory compliance on environment, employment as well as health and safety into consideration.

Personnel involved in the selection of and purchase from suppliers and contractors are not allowed to abuse their authority or engage in situations that could interfere, or appear to interfere, with their ability to make free and independent decisions throughout the procurement process. When dealing with suppliers, directors and employees shall follow the provisions in the Code of Ethics and Conduct Policy to avoid potential conflicts of interests. It is prohibited to use inside information for personal gains.

For property construction, we only work with reputable contractors that have a good track record in addressing health, safety and environmental issues and the ability to deliver quality services. We have long-term partnerships with a few major contractors in Hong Kong. Through regular progress meetings, we keep track of their environmental and safety performance and respond to any reported violations in a timely manner. We keep record of any breach of laws or regulations by contractors and take it into account when considering future cooperation opportunities.

Regarding the distribution of construction and interior decorative materials business, we are taking measures to gradually strengthen the assessment and supervision of the ESG performance of our suppliers. As a starting point, we require our supplier, Quarella (in which we own 43.5% of the equity interest) to switch to thinner blades in its production process to reduce energy consumption and material waste. At the same time, in order to reduce logistics fuel consumption, the Group seeks to reduce the transportation distance by selecting stone cutting factories located close to ports or engineering sites.



Note: Suppliers include the contractors of the Group and their suppliers.

3.4 Protection of intellectual property

We respect intellectual property rights and prohibit any act that may violate these rights. In our business operations, we provide licensed software for all staff and prohibit the use or installation of pirated software.

4. EMPLOYMENT AND LABOUR PRACTICES

4.1 Employment

Rykadan regards our employees as the most essential element of our long-term business growth. We strictly abide by employment-related laws and regulations, and are committed to creating a fair and transparent working environment. Through competitive salaries and benefits, we attract and retain high-quality talents, expecting them to grow at work and realise their career goals. Detailed commitments are listed in our employee handbook with related policies on recruitment and performance evaluation.

Recruitment and Promotion

Rykadan as an equal-opportunity employer, implements a fair, open, objective and non-discriminatory recruitment process. We carry out recruitment activities through various channels, such as internal promotion, talent pool, staff referral, recruitment websites and agencies, etc. Throughout the recruitment process, the assessing of eligibility is based on the attributes related to the job requirements such as education and professional qualifications, job knowledge and experience, and the competency for vacancies. Candidates will go through a series of selection processes like resume screening, telephone disclosure, written tests and rounds of job interviews, while in the end the qualified ones will be offered positions.

Performance appraisals are carried out during probation period for new employees as well as annually or every specific employment period for permanent and contract staff to strengthen mutual understanding and communication between staff and the Company. Based on the principles of SMART (specific, measurable, actionable, realistic, timely), we conducted appraisals to assess the personality, attributes, attitude, competence and aptitude of the staff, in order to make decisions on salary increment, welfare and benefits promotion, training and development, etc. It is strongly recommended and encouraged that all immediate supervisors shall undergo personal conversation with the staff concerned, as we take mutual understanding and communication as a significant purpose of performance appraisal. During the conversation, the staff review the results together with their supervisors, bringing out questions and receiving suggestions for better performance in the future.

Development and Training

The success of the Group relies on our high calibre employees, we value our talents and provide adequate training to maintain their competence and competitiveness to support the long-term development of the Group, also to provide a self-development platform to help realise their career goals.

We strive to provide an open, challenging and participative environment to all employees as well as provide opportunities to enhance their skill set. Besides on-the-job training, we encourage employees to seek external training opportunities to keep up with the latest industry trends and support their own professional development. An Education Sponsorship and Allowance Scheme is set to encourage our employees to take part in external training courses that relates to their job duties. Under the scheme, each employee is entitled to an annual sponsorship of up to HK$6,000 for job-related training courses or professional seminars, along with up to 3 days of examination leave per year.

Percentage of employees trained category	Unit	Offices	Construction sites
Management	%	80.00	75.00
Non-management	%	94.44	67.09
Male	%	91.67	70.27
Female	%	90.91	58.82

Average training hours by employee category	Unit	Offices	Construction sites[1]
Management	Hour	28.55	3.58
Non-management	Hour	6.26	3.96
Male	Hour	12.90	4.50
Female	Hour	9.16	1.06

Remuneration and Welfare

In compliance with relevant laws and regulations, the Group insists on equal pay for equal work, implements and improves a scientific and reasonable salary management system. To retain and motivate employees, we offer competitive remuneration packages that are reviewed annually based on the annual performance appraisal results.

There are clear procedures set up to compensate employees for overtime work. A half-day holiday is compensated for employees who work overtime, over weekends for every four extra working hours. Meal allowances and traffic allowances are provided as well.

We also offer full-time employees other fringe benefits such as medical insurance coverage, long service payments and annual leave benefits according to our Employee Handbook. Apart from annual leave, our employees are entitled to special leaves such as marriage leave, extra paternity leave, compassionate leave and birthday leave.

Each year, the Group organises various company events for the purposes of enriching employees' life, passing on corporate culture, strengthening employees' cohesiveness as well as creating harmonious work environment.

Labour Standards

Rykadan strictly abides by the applicable local labour regulations, including but not limited to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) and Labour Law of the PRC, and the Fair Labour Standards Act of the U.S.A. We adhere to the Recruitment Policy that we do not discriminate on the basis of race, gender, sex orientation, family status, colour, religion, age, disability or pregnancy. Any child or forced labour is prohibited in our operations, the Group verifies the age of candidates with their identification documents during the recruitment process to ensure no child labour is used.

Meanwhile, we also expect our suppliers to pay the same attention to those issues. As for our collaboration with suppliers and contractors, we prefer to work with reputable companies with proven track record and relevant monitoring mechanisms in place to ensure their compliance with relevant labour regulations.

Regulatory compliance

During the year under review, we were not aware of any material non-compliance with laws and regulations relating to employment and labour standards.

[1] Reported construction sites employment are all hired by contractors.

Employment statistics (as at 31 March 2021)	Total workforce Offices	Total workforce Construction sites[2]	Employee turnover rate(%) Offices
Total	27	91	14.8
By gender			
Male	13	74	23.1
Female	14	17	7.1
By age group			
Below 30	3	23	0
31-50	20	36	15
Above 50	4	32	25
By employment type			
Permanent	26	91	15.4
Contract/Part-time	1	0	0
By geographical location			
Hong Kong	24	80	16.7
The PRC	2	0	0
The U.S.A.	1	11	0

4.2 Occupational health and safety

The health and safety of our employees is an issue of great concern to the Group and it is our responsibility ensure a safe working environment. While there is minimal occupational health and safety risk at our office operations, we treat the construction safety of our property development projects rigorously.

Property development

As the project manager, we appoint contractors for the construction work of our development projects. In the selection of contractors, we prefer contractors with proven track record and good reputation with regards to their safety performance. We obtain the latest health and safety statistics of the project from time to time to monitor the safety performance of the contractor. Any major accidents or non-compliance reported will be recorded and are taken into consideration in future tenders.

Offices

As for our office operations, we are firmly committed to maintaining a sound and safe working environment to prevent injury and illness, in compliance with all occupational health and safety laws and regulations. In order to create a comfortable and healthy working environment, we regularly clean the ventilation system and keep the air-conditioning at an appropriate temperature. First aid kits and fire extinguishing equipment are well maintained and properly located at prominent locations in the offices. To increase safety awareness of employees, we organise evacuation and escape exercises at least once a year.

We also adopt flexible working arrangements in case of emergency to ensure health and safety of our employees. For example, during the global outbreak of COVID-19, we echoed the Hong Kong Government's call to reduce social contact, adopted a rotation roster for office staff and shifted to work from home to reduce the chances of infection.

For people who worked in office, we conducted daily temperature measurements and health surveys to prevent the spread of the virus in our offices. Adequate supplies of face masks and hand sanitisers were provided to our staff for self-protection as well.

2 Reported construction sites employment are all hired by contractors.

Health and safety	Unit	2018/2019	2019/2020	2020/2021
Offices				
Total number of work-related fatality cases	No. of case	0	0	0
Total number of work-related injury cases	No. of case	0	0	0
Total number of lost working days due to injuries	Day	0	0	0
Construction sites				
Total number of work-related fatality cases	No. of case	0	0	0
Total number of work-related injury cases	No. of case	4	0	3
Total number of lost working days due to injuries	Day	0	0	32

Regulatory compliance

During the year under review, we were not aware of any material non-compliance with laws and regulations by the Group relating to occupational health and safety.

5. ENVIRONMENTAL STEWARDSHIP

5.1 Our commitment

We actively implement the concept of sustainable development, strictly abide by all relevant environmental laws and regulations, and are committed to reducing the impact of our operations on the environment. We continue to improve our environmental performance by regularly reviewing and strengthening our environmental practices. In addition, we will gradually deepen our influence over our suppliers to simultaneously improve their ESG performance.

Property development

As a property developer, we focus on responsible "design and build". In the process of property design, construction and sales, we work closely with various suppliers, such as architects, engineers and contractors, to incorporate environmental responsibility considerations throughout the entire process from design and build to operations.

Distribution of construction and interior decorative materials

Our distribution of construction and interior decorative materials business is mainly conducted in the office, with a few warehouses which utilise minimal electricity and water. Other activities including material-cutting and logistics are outsourced to third-party suppliers, in which factory operations and logistics will generate a certain amount of environmental emissions. We are aware of the potential environment impact from the practices and are taking measures to minimise the impact on the environment. For more information on supply chain management, please refer to Section 3.3 Supply chain management.

Head office

We actively promote sustainability in the office, paying close attention to the effective use of resources and minimising waste generation. Green office practices such as duplex printing and photocopying are encouraged to reduce carbon footprint, as well as switching off idle lighting and electrical appliances to minimise energy consumption.

5.2 Managing the impact of climate change

Climate change is now widely regarded as a global challenge, which brings immediate and long-term risks to global business operations. With the increase of extreme weather events, our construction sites may suffer from direct damages, and the construction progress of the project may also be affected.

Recognising the impact of climate change on our projects, we follow the latest guidance issued by regulatory departments, e.g. the Building Department, during the design phase to ensure that our buildings can withstand more frequent and severe weather events. Additionally, we take into account the possible interference of extreme weather events when we discussed the work schedule of the projects with contractors in the planning stage, and reserve time buffers. As the construction commences, we communicate and cooperate closely with the contractors to ensure that adequate emergency measures are adopted in the event of severe weather such as typhoons or heavy rains that may cause flooding.

In addition to our construction projects, we also try to reduce carbon emissions through more efficient use of office resources, especially in terms of electricity and fuel use. For further details of the measures taken, please refer to Section 5.4 Use of resources.

Greenhouse gas emissions[3]	Unit	2018/2019	2019/2020	2020/2021
Offices – Scope 1	kg CO_2e	New disclosure	0	0
Offices – Scope 2[4]	kg CO_2e	New disclosure	28,946	27,046

5.3 Emissions and regulatory compliance

Most of our emissions come from property development projects, including air, wastewater, construction wastes, general wastes and hazardous wastes. As the project manager, we are aware of the environmental impact of the emissions and seek to ensure that the emissions are properly managed and monitored by our suppliers.

We keep track of our contractors' performance through regular project meetings, while they are directly in charge of the operational management of the sites. We pay particular attention to the compliance with applicable environmental regulations. It is stated in our tender documents that the main contractors shall comply with all laws and regulations in Hong Kong on the prevention of nuisance and pollution, including but not limited to:

- Oil Pollution (Land Use and Requisition) Ordinance (Cap. 247)
- Air Pollution Control Ordinance (Cap. 311)
- Waste Disposal Ordinance (Cap. 354)
- Water Pollution Control Ordinance (Cap. 358)
- Noise Control Ordinance (Cap. 400)

Waste management

Hazardous wastes

Hazardous wastes mainly come from our property development projects. We work closely with our contractors and adhere to the government requirements in the storage and handling of the hazardous wastes at our construction sites to ensure the hazardous wastes are properly managed and disposed. In the meantime, instead of solvent-based paint in our construction sites, we seek to reduce the generation of hazardous wastes by using water-based paint. In the year under review, no disposal of hazardous wastes was recorded by our contractors.

3 Average regional electricity emissions factors are taken from the Reporting Guidelines for Environmental Key Performance Indicators issued by the Stock Exchange.

4 Scope 2 emissions from the use of electricity in Hong Kong office and Beijing office.

General wastes
General wastes mainly come from our offices. The main component of general waste is used paper from office papers, posters and marketing brochures. In order to reduce such type of wastes, we recycle used papers. To further minimise waste generation in the offices, we:

– adopt electronic communication for the circulation of internal documents such as memorandum and reports instead of printing;

– choose environmentally friendly paper (such as PEFC[5] paper);

– encourage duplex printing and reuse of single-side printed paper; and

– provide recycling bins to collect used papers, cardboard boxes, packing materials, toner and ink cartridges.

Construction wastes
Construction wastes are managed by our contractors before being properly disposed. Depending on the nature of the wastes, they are sent to the designated waste disposal facilities, such as public filling areas and landfills, according to local requirements.

Waste disposal(offices)	Unit	2018/2019	2019/2020	2020/2021
General wastes disposed at our offices	kg	658	530	678

Waste disposal (construction sites)	Unit	2018/2019	2019/2020	2020/2021
Construction wastes disposed at construction sites	tonnes	6,640	2,351	4,547

Air emissions
Our air emissions are mainly generated from fuel burning when using machinery and mobile generators, and fine particles from percussion procedures. To reduce the impact of dust emissions on the surrounding environment, dust control measures such as water spraying and vehicle washing facilities are also in place to suppress dust. We ensure that our contractors complied with the regulatory requirements on air emissions and obtain the necessary licenses for the machinery used on site.

As for our distribution of construction and interior decorative material business, we engage third-party logistics suppliers and have limited control over their air emissions. And for our office operations, air emissions occur mainly in business trips but in immaterial amounts.

Regulatory compliance
During the year under review, we were not aware of any material non-compliance with laws and regulations related to environmental emissions in our own business operations and at our construction sites.

5.4 Use of resources
We are committed to efficient use of resources and thus encourage the reuse and recycling of materials within our operations. We incorporate environmentally friendly or green design features where feasible in the design stage of our property development projects; for instance, we focus on optimising water-efficient devices including faucets and water closets, as well as the use of natural light, energy-efficient lighting equipment (such as LEDs) and energy-efficient appliances.

5 Programme for the Endorsement of Forest Certification.

Taken a step further, our Wong Chuk Hang Project and Jaffe Road Project which are currently under construction incorporate sky gardens as one of the design features of the buildings. Apart from decorative and recreational benefits, sky garden serves the purpose of providing architectural enhancement and reducing energy costs by absorbing heat instead of attracting it. It also contributes to reducing the Urban Heat Island Effect and slowing stormwater runoff in urban environments.

For our office operations, the following measures are taken to conserve energy and minimise resource consumption:

- turning off idle lights;
- switching off idle office equipment and setting electronic appliances such as computers and printers to energy-saving mode after a period of inactivity;
- keeping air conditioner temperature at 25℃ at office;
- signs of water conservation were set up to encourage employees to consciously develop water-saving awareness and habits; and
- incorporating environmental into considerations during the procurement of office equipment and materials to select electronic appliances that are more energy-efficient.

Use of resources (Offices)	Unit	2018/2019	2019/2020	2020/2021
Use of electricity	kWh	60,332	55,570	53,032
Use of water	m^3	69,440	69,160	75,916

Use of resources (Construction sites)[6]	Unit	2018/2019	2019/2020	2020/2021
Total energy consumption	kWh	1,601,112	743,889	989,012
Energy consumption intensity	kWh/square feet	12.99	4.39	5.98
Electricity	kWh	354,351	74,972	144,937
Diesel	Litre	124,721	35,000	79,226
Petrol	Litre	0	108	0
Use of water	m^3	3,905	14,443	142,182
Water consumption intensity	m^3/square feet	0.03	0.09	0.86

6. COMMUNITY INVESTMENT

The Group sincerely believes that our growth is closely related to the surrounding communities and environment. While developing our business, we keep in mind our corporate responsibilities, encourage employees to participate in community activities and make charitable donations, and provide policy compensation to employees who voluntarily invest time in charity work outside of office hours. We provide resources and contributions within our capacity for social welfare undertakings, and move forward firmly and steadily on the road to public welfare, and pass on love and hope.

During the reporting year, we continued to contribute to public welfare undertakings through sponsorships and voluntary services. We sponsored the Music training promgramme for visually impaired students organised by Hong Kong Network for the Promotion of Inclusive Society Ltd. For the financial year of 2020/2021, our donation to different causes amounted to HK$50,000 (2020: HK$83,000).

6 The use of resources differs with the construction phase of each project, the yearly figures reported are not directly comparable.

APPENDIX I: HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT GUIDE INDEX

	Aspects	Section	Remarks
A	**Environmental**		
A1	**Emissions**	5.2, 5.3	
A1.1	The types of emissions and respective emission data	5.3	
A1.2	Greenhouse gas emissions in total (in kg CO2e) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.2	
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.3	
A1.4	Total non-hazardous waste produced (in kg/tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.3	
A1.5	Description of measures to mitigate emissions and result achieved	5.2, 5.3	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	5.3	
A2	**Use of Resources**	5.4	
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (GJ) and intensity (e.g. per unit of production volume, per facility).	5.4	
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.4	
A2.3	Description of energy use efficiency initiatives and result achieved.	5.4	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	5.4	There is no issue in the sourcing of water that is fit for purpose.
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	–	Packaging material is not considered material to the Group and data is not tracked.
A3	**The Environment and Natural Resources**	5.3, 5.4	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them.	5.3, 5.4	
B	**Social**		
B1	**Employment**	4.1	
B1.1	Total workforce by gender, employment type, age group and geographical region.	4.1	
B1.2	Employee turnover rate by gender, age group and geographical region.	4.1	

	Aspects	Section	Remarks
B2	**Health and Safety**	4.2	
B2.1	Number and rate of work-related fatalities.	4.2	
B2.2	Lost days due to work injury.	4.2	
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.2	
B3	**Development and Training**	4.1	
B3.1	The percentage of employees trained by gender and employee category (e.g. management, non-management).	4.1	
B3.2	The average training hours completed per employee by gender and employee category.	4.1	
B4	**Labour Standards**	4.1	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1	
B4.2	Description of steps taken to eliminate such practices when discovered.	4.1	
B5	**Supply Chain Management**	3.3	
B5.1	Number of suppliers by geographical region.	3.3	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	3.3	
B6	**Product Responsibility**	3.1	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	–	Percentage of total products sold or shipped subject to recalls for safety and health reasons is not considered material to the Group and data is not tracked.
B6.2	Number of products and service related complaints received and how they are dealt with.	3.1	Number of products and service-related complaints received considered to be disclosed in the following years.
B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.4	
B6.4	Description of quality assurance process and recall procedures.	3.1	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	3.1	
B7	**Anti-corruption**	3.2	
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	3.2	
B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	3.2	
B8	**Community Investment**	6	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6	
B8.2	Resources contributed (e.g. money or time) to the focus area.	6	

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Chan William (陳偉倫先生), aged 46, is an Executive Director, the Chief Executive Officer and the Chairman of the Company. Mr. Chan also serves as the Chairman of the nomination committee. Mr. Chan joined the Group in 2008. He is primarily responsible for overall strategies, planning, business development and implementation of the strategies of the Group. He also holds other directorships in the Company's subsidiaries. Mr. Chan graduated from the University of La Verne, California of the United States with a Bachelor of Business Administration degree in 2000 and a Master of Business Administration degree in 2002. He was a director of the Tung Wah Group of Hospitals (2003/2004), a director of Yan Chai Hospital (35th Term Board of Directors (2002/2003)) and a committee member of the Central and Sai Ying Poon Area Committee of Home Affairs Department of Hong Kong Government for the two years ended 31 March 2006.

Mr. Yip Chun Kwok (葉振國先生), aged 47, is an Executive Director and the Chief Operating Officer of the Company. Mr. Yip joined the Group in 2008. He is responsible for property related investments 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 Chartered Governance Institute and a CFA charter holder of the CFA Institute and a member of Royal Institution of Chartered Surveyors.

Non-Executive Director

Mr. Ng Tak Kwan (吳德坤先生), aged 67, 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 and the chief executive officer of Sundart Holdings Limited (stock code: 1568), the securities of which are listed on the main board of the Stock Exchange of Hong Kong.

Independent Non-Executive Directors

Mr. Ho Kwok Wah, George (何國華先生), aged 63, was appointed as an Independent Non-executive Director of the Company in February 2010. He also serves as the chairman of the audit committee and the remuneration committee and a member of the nomination committee of the Company. Mr. Ho has over 30 years of experience in accounting and auditing. Mr. Ho is a practicing certified public accountant in Hong Kong and is currently a director of Yong Zheng CPA Limited, 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. From 2012 to 2021, Mr. Ho was the member of HKSAR Buildings Appeal Tribunal Panel. Mr. Ho is currently an independent non-executive director of each of Town Health International Medical Group Limited (stock code: 3886) and PuraPharm Corporation Limited (stock code: 1498), the securities of which are listed on the main board of the Stock Exchange of Hong Kong. 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 61, 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, litigation and corporate finance. Mr. To is currently an independent non-executive director of Vision International Holdings Limited (stock code: 8107), the securities of which are listed on the GEM board of the Stock Exchange of Hong Kong.

Mr. Wong Hoi Ki (黃開基先生), aged 67, 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 35 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 38, is our Chief Financial Officer and Company Secretary. Mr. Lo has joined us since 2012. He is responsible for overseeing the financial planning, accounting, banking activities and compliance matters of the Group, managing new business unit growth and expanding different business. He also holds other directorships in the Company's subsidiaries. Mr. Lo has over 15 years' financial accounting experience in the field of building materials, property development and hospitality. Prior to joining us, he had worked in an international audit firm and held senior finance and management position with a private company. 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.

Mr. Lui Man Kit, Chris (呂文傑先生), aged 36, is our Financial Controller. Mr. Lui has joined us since 2014. He is responsible for overseeing the financial and accounting activities of the Group. Mr. Lui has over 15 years of financial accounting and auditing experience. Prior to joining the Group, he had worked in an international audit firm as audit manager. Mr. Lui holds a Bachelor of Commerce degree in Accounting and Finance from the Curtin University in 2004 and a Master of Laws degree in International and Commercial Law from the University of Greenwich in 2019. He is also a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

DIRECTORS' REPORT

The Directors are pleased to present their annual report and the audited consolidated financial statements for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The principal activities of its subsidiaries are set out in note 40 to the consolidated financial statements.

BUSINESS REVIEW

Discussion and review of the Group's business in accordance with Section 388 and Schedule 5 of the Hong Kong Companies Ordinance (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 the 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 recognises that employees, customers, suppliers and business partners are the keys to the sustainable development of 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 makes effort to build up and maintain good relationship with various commercial banks as the Group's businesses are capital intensive and require ongoing 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 utilised. Green office practices are encouraged in the operation of the Group's businesses, such as duplex 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 Environmental, Social and Governance 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 on the Group was noted. In addition, discussion on the Group's compliance with the Corporate Governance Code (the "CG 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 Environmental, Social and Governance 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 3 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2021 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 50 to 51.

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, subject to shareholders' approval at the forthcoming annual general meeting to be held on 25 August 2021, to the shareholders on the register of members on 10 September 2021 amounting to approximately HK$11,263,000.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 126.

An analysis of the Group's results by segment for the year is set out in note 5 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 15(A) to the consolidated financial statements.

BANK BORROWINGS

Details of bank borrowings are set out in note 27 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 29 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2021 comprised:

	HK$'000
Share premium	400,859
Retained profits	1,025,272
	1,426,131

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

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 Operating 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

Note: Mr. CHAN William and Mr. TO King Yan, Adam shall retire, and being eligible, offer themselves for re-election at the forthcoming 2021 annual general meeting ("AGM") pursuant to the Company's articles of association.

Pursuant to the code provision A.4.3 of the CG Code, any further appointment of an independent non-executive director serving more than nine years should be subject to a separate resolution to be approved by shareholders. Mr. TO King Yan, Adam is an independent non-executive director serving the Company since 2009. Mr. To has met the independence guidelines set out in Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and have made an annual confirmation of independence to the Company. The Board is satisfied that Mr. To who served the Company for more than nine years, remains independent, and considers that he would be able to continue to discharge his duties as an independent non-executive director of the Company. Mr. To should be re-elected and a separate resolution will be proposed for his re-election at the 2021 AGM.

Information regarding directors' emoluments is set out in note 10 to the consolidated financial statements.

DIRECTORS' PROFILES

Details of the directors' profiles are set out in the section headed "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 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 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 2021, 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	25.86
	Long	Other interest (2)	18,153,211	4.83
	Long	Beneficial owner	33,700,000	8.98
			148,957,211	39.67
NG Tak Kwan	Long	Beneficial owner	63,024,000	16.79
LO Hoi Wah, Heywood	Long	Beneficial owner	64,166	0.02

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 CHAN William. CHAN William is also the sole director of Tiger Crown Limited and Rykadan Holdings Limited.

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 and are parties to an agreement under Section 317 of the SFO, pursuant to the provisions of the SFO, each of them is deemed to be interested in the shares of the Company owned by the other parties to the agreement. Hence, CHAN William is also deemed to be interested in the 18,153,211 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 2021, the following persons (other than the directors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company which were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO:

Name	Long/Short position	Capacity	Number of shares	Approximate percentage of the issued share capital of the Company
Rykadan Holdings Limited	Long	Interest in a controlled corporation (1) (2)	148,957,211	39.67
Tiger Crown Limited (1)	Long	Beneficial owner	97,104,000	25.86
	Long	Other interest (2)	51,853,211	13.81
			148,957,211	39.67
Scenemay Holdings Limited	Long	Beneficial owner	18,153,211	4.83
	Long	Other interest (2)	130,804,000	34.84
			148,957,211	39.67
LI Chu Kwan	Long	Interest in a controlled corporation (3)	18,153,211	4.83
	Long	Other interest (2)	130,804,000	34.84
			148,957,211	39.67
LI Wing Yin	Long	Interest in a controlled corporation (3)	18,153,211	4.83
	Long	Other interest (2)	130,804,000	34.84
			148,957,211	39.67

Notes:

1. Tiger Crown Limited is 100% owned by Rykadan Holdings Limited which in turn is 100% held by CHAN William. Rykadan Holdings Limited is therefore deemed to be interested in the 97,104,000 shares of the Company beneficially owned by Tiger Crown Limited as well as the 51,853,211 shares of the Company in which Tiger Crown Limited is deemed to be interested as described in Note 2 below.

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 and are parties to an agreement under Section 317 of the SFO, pursuant to the provisions of the SFO, each of them is deemed to be interested in the shares of the Company owned by the other parties to the agreement.

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 18,153,211 shares of the Company beneficially owned by Scenemay Holdings Limited.

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

ARRANGEMENT TO PURCHASE SHARES OR 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 39 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.

Continuing Connected Transactions

Mr. Cheng Hei Ming ("Mr. Cheng") is a director of both Power City Investments Limited ("Power City"), an indirect subsidiary of the Company, and 美邦啓立光電科技(上海)有限公司 (Bestlinkage NHI Co., Ltd.) ("Bestlinkage") which was an indirect subsidiary of the Company before the undermentioned Disposal. 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"), 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 of the Company 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 and if after such term and that Bestlinkage still owns the Assets, the Agreement shall be extended for up to five successive renewal terms of one year each unless Bestlinkage sends written notice of non-renewal to KLR Shanghai. Pursuant to the Asset Management Agreement, KLR Shanghai shall provide such asset management services ("Asset Management Seivices") 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 ("Asset Management Fee"), 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% internal rate of return ("IRR") for Bestlinkage, if an applicable return is achieved.

On 30 September 2020, the Group disposed of the entire equity interest in Bestlinkage (the "Disposal") to Shanghai Medicilon Inc., an independent third party. Upon the completion of the Disposal, the Group is no longer required to pay for the Asset Management Services. For the period from 1 April 2020 to 30 September 2020, the actual amount of the Asset Management fee paid/ payable by the Group to KLR Shanghai for the Asset Management Services rendered was approximately RMB169,000 (equivalent to HK$192,000).

Investment Management Agreement between Power City and Kailong Investment Management

On 12 December 2012, Power City entered into an Investment Management Agreement with Kailong Investment Management for a term of 5 years from 1 August 2012 and if after such term and that Power City still owns the Assets, the Investment Management Agreement shall be extended for up to five successive renewal terms of one year each unless Power City sends written notice of non-renewal to Kailong Investment Management. Pursuant to the Investment Management Agreement, 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 the 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. of RMB224,907,200. 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 180 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) 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 15% and less than 20%;

(ii) 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 20% and less than 25%; and

(iii) 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 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, if the applicable return is achieved.

Upon the completion of the Disposal, the Group is no longer required to pay for the Investment Management Services. For the period from 1 April 2020 to 30 September 2020, the actual amounts of the investment advisory fee and disposition fee paid/ payable by the Group to Kailong Investment Management for the investment management services rendered were approximately RMB169,000 (equivalent to HK$192,000) and RMB1,801,000 (equivalent to HK$2,048,000) respectively.

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 2021 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, material related party transactions entered by the Group during the year, which do not constitute connected transactions under the Listing Rules are disclosed in note 39 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

Save as disclosed under heading "Connected Transactions" in this report and the material related party transactions in note 39 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 is 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 9 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 RULES 13.20 AND 13.22 OF THE LISTING RULES

The information as required to disclose under Rules 13.20 and 13.22 of the Listing Rules in relation to the Company's advances to entities and the financial assistance and guarantees to affiliated companies provided by the Company are as follows:

(a) Advances to entities

As at 31 March 2021, the Group has advanced to Quarella Group Limited ("QGL") loans in an aggregate amount of HK$240,000,000 for the working capital of the QGL, which is non-interest bearing since 1 April 2020, unsecured and repayable by written notice demand by the Company and the interest receivable on the loans to QGL is HK$33,116,000.

As at 31 March 2021, an aggregate sum of HK$191,315,000 was advanced by the Group to Fastest Runner Limited for the purpose of acquiring the property located at No. 23 Wong Chuk Hang Road, Hong Kong and financing its development and general working capital. The advances are non-interest bearing, unsecured and do not have a fixed terms of repayment and were made pro rata to the percentage of shareholding of the relevant subsidiary of the Group in Fastest Runner Limited.

(b) Financial assistance and guarantees to affiliated companies

Pursuant to Rule 13.22 of the Listing Rules, a combined balance sheet of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31 March 2021 are presented as follows:

	HK$'000
Non-current assets	449,069
Current assets	2,498,418
Current liabilities	(2,010,665)
Non-current liabilities	(1,010,036)
Net liabilities	(73,214)
Share capital	9
Reserves	(73,223)
Capital and reserves	(73,214)

As at 31 March 2021, the Group's attributable accumulated losses in these affiliated companies amounted to HK$30,545,000.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$50,000 (2020: HK$83,000).

MAJOR CUSTOMERS, SUBCONTRACTORS AND SUPPLIERS

For the year, the five largest customers of the Group accounted for 87% of the Group's total revenue and total revenue from the largest customer included therein accounted for 58%. Delight Land Investments Limited is one of the five largest customers, and Mr. CHAN William and Mr. YIP Chun Kwok are acting as its directors during the year. Mr. CHAN William is also a representative on the Investment Committee of Rykadan Real Estate Fund LP, which is also one of the five largest customers. The aggregate purchase attributable to the five largest suppliers of the Group during the year accounted for 88% of the total purchases of the Group and the largest supplier included therein accounted for 30%.

Other than disclosed above, at no time during the year did a director, a close 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

On 28 September 2020, the Company published an announcement in relation to a conditional offer to buy-back for cancellation up to 102,000,000 ordinary shares of the Company, representing approximately 21.36% of the total issued shares as at the date of such announcement, at the price of HK$0.68 per share (the "Offer"). The Offer became unconditional in all respects on 23 November 2020 and was fully accepted on 7 December 2020. An aggregate cash consideration of HK$69,360,000, funded by internal resources of the Group, was paid by the Company, following which those 102,000,000 shares boughtback by the Company were cancelled on the 14 December 2020. For more details of the Offer, please refer to the announcements of the Company dated 28 September 2020, 19 October 2020, 30 October 2020, 23 November 2020, 7 December 2020 and 14 December 2020 and the circular of the Company dated 30 October 2020.

Save as disclosed above, 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 11 to 18.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Environmental, Social and Governance Report is set out on pages 19 to 33.

AUDITOR

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

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

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

Hong Kong, 24 June 2021

pwc

羅兵咸永道

To the shareholders of Rykadan Capital Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Rykadan Capital Limited (the "Company") and its subsidiaries (the "Group") set out on pages 50 to 125, which comprise:

- the consolidated statement of financial position as at 31 March 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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 2021, 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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 identified in our audit are summarised as follows:

- Impairment of trade receivables
- Impairment of interests in joint ventures

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of trade receivables	
Refer to Notes 3.1(b), 4(a) and 21 to the consolidated financial statements. As at 31 March 2021, the gross trade receivables recognised by the Group was HK$87.7 million. The related provision for impairment of trade receivables recognised was HK$51.3 million as at 31 March 2021. Management applied the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. Management grouped trade receivables with similar credit risk characteristics and ageing profile, and estimated expected credit losses rates based on historical credit loss rates for different groups and adjusted to reflect the current and forward-looking information on economic factors that are considered relevant to determine the ability of customers settle the receivables in the future. We focused on this area because the impairment assessment of trade receivables requires the use of significant management judgement and estimates.	Our procedures to address this key audit matter included: • We assessed the appropriateness of the credit loss provisioning methodology and grouping of trade receivables profile used by the Group on a sample basis. • We evaluated management's assessment of the historical credit loss rates by sample checking inputs in respect of the assumptions made, such as ageing analysis, default history of customers to supporting information and correspondence on any disputes or claim with the customers. • We evaluated the forward-looking information in management's assessment by sample checking the inputs to the assumptions to external data sources. • We tested, on a sample basis, the accuracy of the ageing reports of trade receivables prepared by management. • We checked the computation of the amount of provision for impairment. Based on the procedures performed, we considered management's judgement and estimates involved in the impairment assessment of trade receivables were supportable by available evidence.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of interests in joint ventures	
Refer to Notes 4(e) and 17 to the consolidated financial statements. The Group had significant interests in joint ventures, which are accounted for under the equity method. As at 31 March 2021, interests in joint ventures amounted to HK$269.1 million. Interests in joint ventures are subject to impairment assessments when there is an indication of impairment. In carrying out the impairment assessments, significant judgements are required to estimate the recoverable amounts, which are the higher of the fair value less costs of disposal and value in use, of the Group's interests in the joint ventures, taking into consideration the share of the joint ventures' future cash flows, minority discount and the assumptions, including the growth rates used to prepare the joint ventures' cash flow projections, and the discount rates applied to bring the future cash flows back to their present values. Based on the results of the impairment assessments conducted the Group determined that, there is no impairment of the Group's interest in joint ventures. This judgement is based on whether the value in use of the assets exceed the respective carrying amounts. We focused on this area due to the significant management's judgement and assumptions involved in the impairment assessments of interests in joint ventures.	Our procedures to address this key audit matter included: • We tested the Group's assessments as to whether any indication of impairment exists by reference to the available information in the relevant markets or the Group's approved budgets. • We assessed the appropriateness of the valuation methodologies used. • We assessed the reasonableness of key assumptions, including growth rates and discount rates applied, and comparing cash flow projections to supporting evidence, such as approved budgets and external market data. • We performed sensitivity analyses on the key assumptions as stated above to assess the potential impact of a range of possible outcomes. Based on the procedures performed, we considered management's judgement and estimates involved in the impairment assessments of interests in joint ventures were supported by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of 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 DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company 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 audit committee is responsible 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. We report our opinion 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.

- 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.

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

- 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 Sze To Wai.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 June 2021

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Revenue	*5(a)*	**168,157**	110,677
Cost of sales and services		**(149,235)**	(67,458)
Gross profit		**18,922**	43,219
Other revenue	*6*	**6,506**	15,870
Other net income/(loss)	*7*	**23,932**	(23,904)
Gain on disposal of interest in a subsidiary	*37*	**46,657**	–
Selling and marketing expenses		**(4,773)**	(3,562)
Administrative and other operating expenses		**(65,941)**	(63,713)
Profit/(loss) from operations		**25,303**	(32,090)
Decrease in fair value of investment properties	*14*	**(4,000)**	(13,471)
		21,303	(45,561)
Finance costs	*11*	**(6,462)**	(13,524)
Share of profit/(loss) of associates		**396**	(85)
Share of profit/(loss) of joint ventures		**16,425**	(19,772)
Profit/(loss) before taxation		**31,662**	(78,942)
Income tax	*12*	**(252)**	(5,998)
Profit/(loss) for the year		**31,410**	(84,940)
Attributable to:			
– Equity shareholders of the Company		**4,500**	(77,319)
– Non-controlling interests		**26,910**	(7,621)
Profit/(loss) for the year		**31,410**	(84,940)
Earnings/(loss) per share	*13*		
Basic and diluted		**1.0 cents**	(16.2) cents

The Notes on pages 56 to 125 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	**2021 HK$'000**	2020 HK$'000
Profit/(loss) for the year		**31,410**	(84,940)
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		**7,385**	(11,067)
– Release of translation reserve upon disposal of interest in a subsidiary	*37*	**17,721**	–
– Share of translation reserve of joint ventures		**4,553**	(3,231)
		29,659	(14,298)
Items that will not be reclassified subsequently to profit or loss:			
– Share of remeasurement of defined benefit liability of a joint venture		**(56)**	428
– Financial assets measured at fair value through other comprehensive income – movement in fair value reserve (non-recycling)		**–**	(1,199)
		(56)	(771)
Other comprehensive income for the year		**29,603**	(15,069)
Total comprehensive income for the year		**61,013**	(100,009)
Attributable to:			
– Equity shareholders of the Company		**23,060**	(87,254)
– Non-controlling interests		**37,953**	(12,755)
Total comprehensive income for the year		**61,013**	(100,009)

The Notes on pages 56 to 125 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Investment properties	14	**158,240**	162,240
Other properties, plant and equipment	15(A)	**38,106**	39,901
Right-of-use assets	15(B)	**–**	9
Interests in associates	16	**231,630**	205,862
Interests in joint ventures	17	**269,148**	188,953
Financial assets measured at fair value through other comprehensive income	18	**–**	–
		697,124	596,965
Current assets			
Properties for sale	19	**402,282**	478,610
Inventories	20	**5,977**	9,815
Trade receivables	21	**36,405**	82,450
Other receivables, deposits and prepayments	22	**37,105**	64,553
Bank deposits and cash on hand	23	**369,788**	242,093
		851,557	877,521
Assets classified as held-for sale	24	**–**	329,211
		851,557	1,206,732
Current liabilities			
Trade and other payables	25	**27,114**	20,523
Contract liabilities	26	**280**	585
Lease liabilities	15(B)	**–**	9
Bank loans	27	**240,991**	296,331
Loans from non-controlling shareholders	28	**–**	78,482
Current tax liabilities		**1,483**	1,307
		269,868	397,237
Liabilities directly associated with assets classified as held-for-sale	24	**–**	57,310
		269,868	454,547
Net current assets		**581,689**	752,185

	Note	2021 HK$'000	2020 HK$'000
Total assets less current liabilities		**1,278,813**	1,349,150
Non-current liability			
Bank loans	*27*	**–**	8,372
NET ASSETS		**1,278,813**	1,340,778
CAPITAL AND RESERVES			
Share capital	*29*	**3,754**	4,774
Reserves	*31*	**1,273,400**	1,318,611
Total equity attributable to equity shareholders of the Company		**1,277,154**	1,323,385
Non-controlling interests		**1,659**	17,393
TOTAL EQUITY		**1,278,813**	1,340,778

The consolidated financial statements on pages 50 to 125 were approved by the Board of Directors on 24 June 2021 and were signed on its behalf.

CHAN William
Director

YIP Chun Kwok
Director

The Notes on pages 56 to 125 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

		Attributable to equity shareholders of the Company											
	Note	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000	Translation reserve HK$'000	Actuarial reserve HK$'000	Other reserve HK$'000	Revaluation reserve HK$'000	Fair value reserve (non-recycling) HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2019		4,774	469,130	4,433	(11,270)	(694)	35,440	11,474	(14,651)	940,650	1,439,286	30,148	1,469,434
Changes in equity for the year:													
Loss for the year		–	–	–	–	–	–	–	–	(77,319)	(77,319)	(7,621)	(84,940)
Other comprehensive income		–	–	–	(9,108)	372	–	–	(1,199)	–	(9,935)	(5,134)	(15,069)
Total comprehensive income		–	–	–	(9,108)	372	–	–	(1,199)	(77,319)	(87,254)	(12,755)	(100,009)
Dividend declared in respect of prior year	*30*	–	–	–	–	–	–	–	–	(28,647)	(28,647)	–	(28,647)
At 31 March 2020 and 1 April 2020		**4,774**	**469,130**	**4,433**	**(20,378)**	**(322)**	**35,440**	**11,474**	**(15,850)**	**834,684**	**1,323,385**	**17,393**	**1,340,778**
Changes in equity for the year:													
Profit for the year		-	-	-	-	-	-	-	-	4,500	4,500	26,910	31,410
Other comprehensive income		-	-	-	18,609	(49)	-	-	-	-	18,560	11,043	29,603
Total comprehensive income		-	-	-	18,609	(49)	-	-	-	4,500	23,060	37,953	61,013
Buy-back of shares		(1,020)	(68,271)	-	-	-	-	-	-	-	(69,291)	-	(69,291)
Dividend paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(53,687)	(53,687)
At 31 March 2021		**3,754**	**400,859**	**4,433**	**(1,769)**	**(371)**	**35,440**	**11,474**	**(15,850)**	**839,184**	**1,277,154**	**1,659**	**1,278,813**

The Notes on pages 56 to 125 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Cash generated from/(used in) operations	*34(a)*	**125,957**	(81,129)
Interest paid		**(7,269)**	(13,953)
Hong Kong profits tax paid		**(93)**	(45,676)
PRC Enterprise Income Tax refunded		**7**	367
Net cash generated from/(used in) operating activities		**118,602**	(140,391)
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash acquired	*38*	**–**	4,704
Acquisition of additional interest in an associate	*16*	**(17,500)**	–
Purchases of properties, plant and equipment		**(91)**	(435)
Net cash inflow from disposal of interest in a subsidiary	*37*	**352,200**	–
Dividend received from a joint venture		**–**	2,384
Advances to joint ventures		**(59,273)**	(12,569)
Dividend received from an associate		**2,600**	19,240
Advances to associates		**(8,221)**	(9,326)
Capital contribution to associates		**(2,251)**	–
Payment for equity investment in financial assets measured at fair value through other comprehensive income		**–**	(199)
Interest received		**394**	12,861
Decrease in pledged bank deposits and restricted deposit		**4,104**	–
Net cash generated from investing activities		**271,962**	16,660
Cash flows from financing activities			
Capital element of lease rentals paid	*34(b)*	**(9)**	(112)
Proceeds from new bank loans	*34(b)*	**14,091**	141,608
Repayments of bank loans	*34(b)*	**(77,893)**	(175,175)
(Repayment to)/advances from non-controlling shareholders	*34(b)*	**(78,482)**	679
Dividend paid to non-controlling shareholders		**(53,687)**	–
Buy-back of shares		**(69,360)**	–
Dividend paid		**–**	(28,647)
Net cash used in financing activities		**(265,340)**	(61,647)
Net increase/(decrease) in cash and cash equivalents		**125,224**	(185,378)
Effect of foreign exchange rate changes		**2,203**	(3,863)
Cash and cash equivalents at the beginning of the year		**242,361**	431,602
Cash and cash equivalents at the end of the year		**369,788**	242,361
Analysis of balance of cash and cash equivalents:			
Cash and cash equivalents	*23*	**369,788**	238,192
Cash and cash equivalents included in assets classified as held-for-sale	*24*	**–**	4,169
		369,788	242,361

The Notes on pages 56 to 125 are integral part of these consolidated financial statements.

1 GENERAL INFORMATION

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 40.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements for the year ended 31 March 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These consolidated financial statements have been prepared on a historical cost basis, except for the investment properties and certain financial assets, which are carried at fair value and non-current assets (or disposal groups) held-for-sale set out in Note 2.14.

The preparation of the financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) *New amendments to HKFRSs and revised conceptual framework adopted by the Group*

The Group has applied the following new amendments to HKFRSs and revised conceptual framework that are first effective for the current accounting period of the Group:

Amendments to HKAS 1 and HKAS 8	*Definition of Material*
Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Conceptual Framework for Financial Reporting 2018	*Revised Conceptual Framework for Financial Reporting*

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) New and amended standards, revised accounting guideline, amended annual improvements and amended interpretation not yet adopted by the Group

Certain new and amended standards, annual improvements, accounting guideline and interpretation have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 16	*Covid-19 Related Rent Concessions*	1 June 2020
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	*Interest Rate Benchmark Reform-Phase 2*	1 January 2021
Annual Improvements	*Annual Improvements to HKFRSs 2018-2020*	1 January 2022
Amendments to HKAS 3, HKFRS 16, and HKFRS 37	*Narrow-scope Amendments*	1 January 2022
Accounting Guide 5	*Revised Accounting Guide 5 Merger Accounting for Common Control Combination*	1 January 2022
Amendments to HKAS 1	*Classification of Liabilities as Currant or Non-current*	1 January 2023
HKFRS 17	*Insurance Contracts and the Related Amendments*	1 January 2023
Hong Kong Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*	1 January 2023
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The Group is in the process of making an assessment of what the impact of these new and amended standards, revised accounting guideline, amended annual improvements and amended interpretation is expected to be in the period of initial application. The Group does not anticipate the adoption of them to have a significant impact on the Group's results of operations and financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

Intra-group balances, transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(b) Changes in ownership interests in subsidiaries without loss of control

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.

(c) Disposal of subsidiaries

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.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment in the Company's statement of financial position. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

2.3 Associates and joint ventures

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

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

An investment in associate or joint venture is accounted for in the consolidated financial statements using equity method of accounting. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Associates and joint ventures (Continued)

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.6.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not re-measured. 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 in Note 2.10.

2.4 Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. These include land held for a currently undetermined future use and property. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognised in profit or loss.

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the profit or loss during the financial period in which they are incurred.

If an item of other properties, plant and equipment becomes an investment property because its use has changed, any differences resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income and increase the revaluation reserve within equity. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and changed directly to revaluation reserves within equity. Any resulting decrease in the carrying amount of the property is charged to the profit or loss.

If an item of inventories becomes an investment property that will be carried at fair value is consistent with the treatment of sales of inventories. Any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Other properties, plant and equipment

Other properties, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

– Buildings	Over the shorter of the unexpired term of lease and their estimated useful lives of no more than 50 years
– 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. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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.

2.6 Impairment of other non-current assets

Assets, including other properties, plant and equipment, investments in subsidiaries in the Company's statement of financial position and investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). These assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are generally recognised in profit or loss.

All foreign exchange gains and losses are presented in the consolidated income statement within other net income/(loss).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy), that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

2.9 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Leases (Continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,

- any lease payments made at or before the commencement date less any lease incentives received, and

- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Investments and other financial assets

(a) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other net income/(loss). Impairment losses are recognised in the consolidated income statement. The Group's financial assets carried at amortised cost comprise trade receivables, other receivables, deposits and prepayments and bank deposits and cash on hand in the consolidated statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Investments and other financial assets (Continued)

(c) Measurement (Continued)

Debt instruments (Continued)

Fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other net income/(loss). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other net income/(loss) and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

Fair value through profit or loss ("FVPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a financial asset that is subsequently measured at FVPL is recognised in profit or loss and presented in other net income/(loss) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in consolidated income statement as other net income/(loss) when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other net income/(loss) in consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.11 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual or related arrangements.

The Group determines whether it is an agent or a principal in relation to those structured entities in which the Group acts as an asset manager on management's judgement. If an asset manager is agent, it acts primarily on behalf of others and so does not control the structured entity. It may be principal if it acts primarily for itself, and therefore controls the structured entity.

The Group has determined that the investment in real estate funds, which are not controlled by the Group and classified as interests in associates, are unconsolidated structured entities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

(i) Construction and interior decorative materials

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.

(ii) Property development

- 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. 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

  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. 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.

2.14 Non-current assets (or disposal group) held-for-sale

Non-current assets (or disposal groups) are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable (e.g. have committed to a plan to sell the asset (or disposal group), an active programme to locate a buyer and complete the plan must have been initiated and where applicable, the required shareholders' approval for the related disposal could certainly be obtained). They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of disposal group, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of disposal group is recognised at the date of derecognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Non-current assets (or disposal group) held-for-sale (Continued)

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held-for-sale. Interests and other expenses attributable to the liabilities of a disposal group classified as held-for-sale continue to be recognised.

The assets of a disposal group classified as held-for-sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the consolidated statement of financial position.

2.15 Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2.24). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

2.16 Trade and other receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.17 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand and cash at bank and other short-term highly liquid investments with original maturity of three months or less.

2.18 Share capital

Ordinary shares are classified as equity.

2.19 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transactions costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Current and deferred tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses and any adjustments to tax payable in respect of previous years.

Current tax

The current tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.22 Employee benefits

(a) *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.

(b) *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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to 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.

2.24 Revenue recognition

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's businesses. Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

The Group's revenue and other income are primarily derived from as follows:

(i) *Sales of properties*

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under contract liabilities.

When properties are marketed by the Group while the property is still under construction, the Group may offer a discount compared to the listed sales price, provided the customer agrees to pay the balance of the consideration early. In such cases, if the advance payments are regarded as providing a significant financing benefit to the Group, interest expense arising from the adjustment of time value of money will be accrued by the Group during the period between the payment date and the completion date of legal assignment. This accrual increases the balance of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under HKAS 23, *Borrowing costs*.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Revenue recognition (Continued)

The Group's revenue and other income are primarily derived from as follows: (Continued)

(ii) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the products. 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 service are provided. Service income is recognised net of 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 value added tax.

(v) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(vi) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.25 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate.

Further information on how the Group accounts for government grants is set out in Note 7.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 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.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) 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 relate. The currencies giving rise to this risk are primarily Euros ("EUR"), United States Dollar ("US$"), Renminbi ("RMB"), British Pound ("GBP"), Singaporean Dollar ("SGD") and Canadian Dollar ("CAD").

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

– 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 HK$, 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					
	EUR HK$'000	**CAD HK$'000**	**US$ HK$'000**	**RMB HK$'000**	**GBP HK$'000**	**SGD HK$'000**
At 31 March 2021						
Bank deposits and cash on hand	**298**	**33,107**	**176,482**	**2,501**	**4,068**	**1,903**
Other receivables, deposits and prepayments	**–**	**–**	**–**	**9,147**	**–**	**–**
Trade and other payables	**–**	**–**	**–**	**(12,313)**	**–**	**–**
	298	**33,107**	**176,482**	**(665)**	**4,068**	**1,903**

	Exposure to foreign currencies					
	EUR HK$'000	CAD HK$'000	US$ HK$'000	RMB HK$'000	GBP HK$'000	SGD HK$'000
At 31 March 2020						
Bank deposits and cash on hand	279	–	3,844	8,836	9	1,831
Trade and other payables	–	–	(30)	–	(6)	–
Loans from non-controlling shareholders	–	–	–	(1,267)	–	–
	279	–	3,814	7,569	3	1,831

In addition, at 31 March 2021, the Group is exposed to currency risk arising from inter-company receivables/payables amounting to US$49,947,000, RMB9,131,000, CAD3,794,000, GBP2,466,000 and SGD2,878,000 (equivalent to net HK$433,861,000) (2020: US$94,926,000, RMB115,274,000, CADNil, GBP13,920,000 and SGD3,069,000 (equivalent to net HK$978,325,000)) which are not denominated in the functional currency of the relevant companies.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

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

	2021		2020	
	Increase/ (decrease) in foreign exchange rates	**Increase/ (decrease) in post-tax result and retained profits HK$'000**	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in post-tax result and retained profits HK$'000
RMB	**5%**	**423**	5%	5,583
	(5)%	**(423)**	(5)%	(5,583)
GBP	**5%**	**1,280**	5%	5,598
	(5)%	**(1,280)**	(5)%	(5,598)
EUR	**5%**	**12**	5%	12
	(5)%	**(12)**	(5)%	(12)
SGD	**5%**	**(619)**	5%	(623)
	(5)%	**619**	(5)%	623
CAD	**5%**	**2,368**	N/A	N/A
	(5)%	**(2,368)**	N/A	N/A

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 HK$ 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 2020.

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.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulted from the reasonable possible change in interest rates.

The Group's interest rate risk mainly arises from bank deposits and bank loans (2020: bank deposits, amount due from a joint venture and bank loans) at floating interest rates. 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. At 31 March 2021, if interest rates of bank loans (2020: amount due from a joint venture and bank loans) had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax results for the year would have been approximately HK$912,000 (2020: HK$444,000) lower/higher.

(b) Credit risk

The credit risk of the Group mainly arises from trade receivables, other receivables, deposits and prepayments, amounts due from associates and joint ventures, bank deposits and cash on hand. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

(i) Risk management

The credit risk of bank deposits and cash on hand is limited because the counterparties are reputable commercial banks which are high-credit-quality financial institutions located in Hong Kong, the People's Republic of China (the "PRC"), the United Kingdom (the "U.K."), the United States of America (the "U.S.A.") and Canada.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

At the end of the reporting period, the Group's largest and the five largest trade receivables represent 57% (2020: 47%) and 87% (2020: 72%) of the total trade receivables respectively, which are within the property development, the property investment and the asset, investment and fund management business segments.

The Group has controls to closely monitor the billing and payment status by communications to minimise the credit risk. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue balances.

The Group regularly reviews the recoverability of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

In addition, for loans and other receivables, the Group performs credit assessments before approving loans to applicants and regularly reviews the recoverability of each individual receivable.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets

The Group has two types of financial assets that are subject to the ECL model:

- trade receivables; and
- other financial assets carried at amortised cost

While bank deposits and cash on hand is also subject to the impairment requirements of HKFRS 9, management considers that the impairment loss is immaterial.

Trade receivables

The Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Future cash flows for each group receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information on economic factors affecting the ability of the customers to settle the receivables. Trade receivables in dispute are assessed individually for impairment allowance and determined whether specific provisions are required. Trade receivables are written off when there is no reasonable expectation of recovery.

Other financial assets carried at amortised cost

The Group's other financial assets carried at amortised cost include other receivables, deposits and prepayments, amounts due from joint ventures and amounts due from associates in the consolidated statement of financial position. The impairment loss of other financial assets carried at amortised cost is measured based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. Management has closely monitored the credit qualities and the collectability of the other financial assets carried at amortised cost and considers that the ECL is HK$419,000 (2020: HK$3,680,000) at 31 March 2021.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and bank balances, the availability of funding from an adequate amount of committed credit facilities from leading banks and the ability to close out market position.

The Group maintains liquidity by a number of sources including orderly realisation of short-term financial assets, receivables and certain assets that the Group considers appropriate and long-term financing including long-term borrowings are also considered by the Group in its capital structuring. The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest-bearing borrowings which enable the Group to continue its business for the foreseeable future.

The table below analyses the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table were based on the contractual undiscounted cash flows and the earliest date the Group can be required to pay. Bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. Balance within 12 months equal their carrying balances as impact at discounting is not significant.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Within 1 Year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000	Total carrying amount HK$'000
At 31 March 2021						
Trade and other payables (excluding non-financial liabilities)	**20,996**	**–**	**268**	**–**	**21,264**	**21,264**
Bank loans	**241,144**	**–**	**–**	**–**	**241,144**	**240,991**
	262,140	**–**	**268**	**–**	**262,408**	**262,255**
At 31 March 2020						
Trade and other payables (excluding non-financial liabilities)	15,610	661	–	–	16,271	16,271
Bank loans	296,751	8,430	–	–	305,181	304,703
Loans from non-controlling shareholders	78,482	–	–	–	78,482	78,482
Lease liabilities	9	–	–	–	9	9
	390,852	9,091	–	–	399,943	399,465

The following table summarises the maturity analysis of bank loans, including those subject to repayment on demand clause, based on agreed scheduled repayments set out in the bank loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "within 1 year or on demand" time band in the maturity analysis contained in the above table. Taking into account the Group's financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the bank loan agreements.

	Maturity Analysis – Bank loans, including those subject to repayment on demand clause based on scheduled repayments dates				
	Within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flow HK$'000
At 31 March 2021	**141,868**	**12,504**	**75,219**	**21,847**	**251,438**
At 31 March 2020	89,011	130,613	83,189	30,250	333,063

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group uses internally generated funds and bank loans to finance its operations. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, raise new debt financing or sell assets to reduce debt.

The Group's overall strategy remains unchanged from prior year.

Consistent with others in the industry, the Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by equity attributable to equity shareholders of the Company. Net debt is calculated as total interest-bearing bank loans (including current and non-current bank loans as shown in the consolidated statement of financial position) less unrestricted bank balances and cash.

At 31 March 2021, the net gearing ratio was Nil (2020: 5.0%) as the Group has net cash of HK$128,797,000 (2020: net debt of HK$66,511,000).

3.3 Fair value estimation

(i) Financial instruments and investment properties carried at fair values

The different levels for analysis of financial instruments carried at fair value, by valuation method are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

- Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level2)

- Inputs for the assets and liability that are not based on observable market data (that is, unobservable inputs) (level 3)

Financial assets measured at fair value through other comprehensive income and all investment properties of the Group measured at fair value are categorised as Level 3 in the fair value hierarchy. The Group's policy is to recognise transfers into and transfer out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There was no transfer between Levels 1, 2 and 3 during the year ended 31 March 2021 (2020: None).

(ii) Financial instruments carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at other than fair value are not materially different from their fair values at 31 March 2021 and 31 March 2020.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Interests in unconsolidated structured entities

(a) *The Group's maximum exposure to the unconsolidated structured entities*

As part of its investment activities, the Group invests in unconsolidated structured entities. At 31 March 2021, the Group's total interest in unconsolidated structured entities was HK$27,884,000 (2020: HK$8,439,000) on the Group's consolidated statement of financial position. The Group's total interest in unconsolidated structured entities is classified as interests in associates.

As at 31 March 2021, a summary of the Group's interest in unconsolidated structured entities is as follows:

	2021 HK$'000	2020 HK$'000
Interests in associates:		
Rykadan Real Estate Fund LP ("RREFLP")	**26,603**	7,106
Rykadan Real Estate Prospect Fund LP ("RREPFLP")	**1,281**	1,333
	27,884	8,439

The Group's maximum exposure to loss related to the interests in unconsolidated structured entities is HK$27,884,000 (2020: HK$8,439,000).

(b) *Other interests in unconsolidated structured entities*

The Group received management fee in respect of its asset management business. Management fee received for investments that the Group manages, also represent an interest in unconsolidated structured entities. The Group's maximum exposure to loss relates to future management fee income. The table below shows the assets under management of entities that the Group manages and the fees earned from those entities.

	2021 HK$'000	2020 HK$'000
Asset management fee income:		
RREFLP	**6,019**	6,019
RREPFLP	**1,655**	1,655
	7,674	7,674

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of trade receivables

The Group's management determines the loss allowances for trade receivables based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past event, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) Assessment of net realisable value for 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.

(c) 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 comparable sales evidences as available on the market. The assumptions adopted in the property valuation include market rents and prices of properties with similar characteristic within the vicinity, the appropriate discount rates and expected future market rents and comparable market transactions.

(d) Determination of control over the structured entities

To determine whether the Group controls the structured entities of which the Group acts as an asset manager, management applies judgement based on all relevant fact and circumstance to determine whether the Group is acting as the principal or agent for the structured entities. If the Group is acting as the principal, it has control over the structured entities. In assessing whether the Group is acting as the principal, the Group considers factor such as scope of the asset manager's decision-making authority, rights held by other parties, remuneration to which it is entitled and exposure to variable returns results from its additional involvement with structured entities. The Group will perform reassessment once the fact and circumstance changes leading to changes in above factors.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(e) Impairment of interests in joint ventures

Interests in joint ventures, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts are determined based on value-in-use calculations or market valuations. These calculations require use of judgements and estimates. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charged to profit or loss.

5 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are property development, property investment, asset, investment and fund management and distribution of construction and interior decorative materials.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2021 HK$'000	2020 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of completed properties	**138,073**	57,001
– Distribution of construction and interior decorative materials	**657**	10,616
– Asset, investment and fund management income	**14,950**	19,746
– Property management fee and utility income	**5,741**	8,756
	159,421	96,119
Revenue from other source		
– Rental income	**8,736**	14,558
	168,157	110,677

Disaggregation of revenue from contracts with customers by timing of revenue recognition and by geographical markets are disclosed in Note 5(b).

For the year ended 31 March 2021, the Group's customer base is diversified and includes only two customers (2020: one customer) whose transaction have exceeded 10% of the Group's revenue.

For the year ended 31 March 2021, revenue from sales of completed properties to the two customers in the U.K. and the U.S.A. amounted to approximately HK$96,783,000 and HK$32,783,000 respectively.

For the year ended 31 March 2020, revenue from sales of completed properties to the customer in the U.S.A. was approximately HK$34,721,000.

5 REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

At 31 March 2021, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK$14,425,000 (2020: HK$64,829,000). This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for properties for sale, distribution of construction and interior decorative materials and provision of services entered into by the customers with the Group. The Group will recognise the expected revenue in the future when (i) the properties are assigned to the customers; (ii) the customers take possession of and accept the products; or (iii) the relevant services are provided to the customers, which are expected to occur within the next 12 to 26 months.

The amount discussed above does not include any amounts of incentive bonuses that the Group may earn in the future by meeting the conditions set out in the Group's contracts with customers for the provision of asset, investment and fund management, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those incentive bonuses.

(iii) Total future minimum lease payment receivable by the Group

Total minimum lease payment under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2021 HK$'000	2020 HK$'000
Within one year	**3,466**	2,459
After one year but within five years	**504**	1,765
	3,970	4,224

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). To be consistent with the way how 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 four (2020: four) reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) 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 and the U.S.A. (2020: Hong Kong, the U.K. and the U.S.A.).

(ii) Property investment

This segment derives its revenue from leasing of premises included in the Group's investment properties portfolio in Hong Kong (2020: Hong Kong and the PRC).

(iii) Asset, investment and fund management

This segment derives its revenue from investing in and managing a portfolio of real estates in Hong Kong.

(iv) Distribution of construction and interior decorative materials

This segment derives its revenue from distribution of stone composite surfaces products in the Greater China region.

5 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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

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 income/(loss), gain on disposal of interest in a subsidiary, certain administrative and other operating expenses, decrease in fair value of investment properties, finance costs, share of profit/(loss) of associates and share of profit/(loss) of joint ventures.

All assets are allocated to operating segments other than certain other properties, plant and equipment, right-of-use assets, interests in associates, interests in joint ventures, financial assets measured at fair value through other comprehensive income, certain other receivables, deposits and prepayments, certain bank deposits and cash on hand and assets classified as held-for-sale that are not managed directly by segments.

All liabilities are allocated to operating segments other than certain other payables, lease liabilities, certain bank loans, loans from non-controlling shareholders and liabilities directly associated with assets classified as held-for-sale that are not managed directly by segments.

In addition, management is provided with segment results and information concerning inter-segment sales, additions of other properties, plant and equipment (including investment properties at fair value), depreciation of other properties, plant and equipment, depreciation of right-of-use assets 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.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2021 and 2020 is set out below.

5 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Segment results

For the year ended 31 March 2021

	Property development HK$'000	Property investment Hk$'000	Asset, investment and fund management HK$'000	Distribution of construction and interior decorative materials HK$'000	Elimination HK$'000	Total HK$'000
Disaggregated by timing of revenue recognition						
Point in time	138,073	–	–	657	–	138,730
Over time	–	5,741	14,950	–	–	20,691
Revenue from other source	–	8,736	–	–	–	8,736
External revenue	138,073	14,477	14,950	657	–	168,157
Inter-segment revenue	–	3,549	–	–	(3,549)	–
Total	138,073	18,026	14,950	657	(3,549)	168,157
Segment profit/(loss) from operations	498	4,945	536	(29,197)	–	(23,218)
Corporate expenses						(25,899)
Corporate income						27,763
Gain on disposal of interest in a subsidiary						46,657
Decrease in fair value of investment properties						(4,000)
Finance costs						(6,462)
Share of profit of associates						396
Share of profit of joint ventures						16,425
Profit before taxation						31,662

5 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Segment results (Continued)

For the year ended 31 March 2020

	Property development HK$'000	Property investment HK$'000	Asset, investment and fund management HK$'000	Distribution of construction and interior decorative materials HK$'000	Elimination HK$'000	Total HK$'000
Disaggregated by timing of revenue recognition						
Point in time	57,001	–	–	10,616	–	67,617
Over time	–	8,756	19,746	–	–	28,502
Revenue from other source	–	14,558	–	–	–	14,558
External revenue	57,001	23,314	19,746	10,616	–	110,677
Inter-segment revenue	–	3,549	–	–	(3,549)	–
Total	57,001	26,863	19,746	10,616	(3,549)	110,677
Segment (loss)/profit from operations	(1,448)	7,352	6,319	(42)	–	12,181
Corporate expenses						(57,377)
Corporate income						13,106
Decrease in fair value of investment properties						(13,471)
Finance costs						(13,524)
Share of loss of associates						(85)
Share of loss of joint ventures						(19,772)
Loss before taxation						(78,942)

5 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:

	2021 HK$'000	2020 HK$'000
Segment assets		
Property development	402,626	487,847
Property investment	158,818	162,730
Asset, investment and fund management	12,233	68,944
Distribution of construction and interior decorative materials	34,819	82,300
Total segment assets	608,496	801,821
Other properties, plant and equipment	37,768	39,241
Right-of-use assets	–	9
Interests in associates	231,630	205,862
Interests in joint ventures	269,148	188,953
Financial assets measured at fair value through other comprehensive income	–	–
Other receivables, deposits and prepayments	31,851	408
Bank deposits and cash on hand	369,788	238,192
Assets classified as held-for-sale	–	329,211
Total consolidated assets of the Group	1,548,681	1,803,697
Segment liabilities		
Property development	83,624	79,948
Property investment	58,677	65,171
Asset, investment and fund management	667	978
Distribution of construction and interior decorative materials	3,881	3,942
Total segment liabilities	146,849	150,039
Other payables	18,019	3,759
Lease liabilities	–	9
Bank loans	105,000	173,320
Loans from non-controlling shareholders	–	78,482
Liabilities directly associated with assets classified as held-for-sale	–	57,310
Total consolidated liabilities of the Group	269,868	462,919

5 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Other segment information

For the year ended 31 March 2021

	Property development HK$000	Property investment HK$000	Asset, investment and fund management HK$000	Distribution of construction and interior decorative materials HK$000	Segment total HK$000	Unallocated HK$000	Total HK$000
Amounts included in the measure of segment results or segment assets:							
Additions of other properties, plant and equipment (including investment properties at fair value)	–	–	18	–	18	73	91
Depreciation of other properties, plant and equipment	–	–	(31)	(95)	(126)	(1,633)	(1,759)
Depreciation of right-of-use assets	–	–	–	–	–	(9)	(9)
Loss on disposal of other properties, plant and equipment	–	–	–	(138)	(138)	(1)	(139)

For the year ended 31 March 2020

	Property development HK$000	Property investment HK$000	Asset, investment and fund management HK$000	Distribution of construction and interior decorative materials HK$000	Segment total HK$000	Unallocated HK$000	Total HK$000
Amounts included in the measure of segment results or segment assets:							
Additions of other properties, plant and equipment (including investment properties at fair value)	–	–	116	–	116	319	435
Depreciation of other properties, plant and equipment	–	–	(24)	(194)	(218)	(1,681)	(1,899)
Depreciation of right-of-use assets	–	–	–	–	–	(112)	(112)
Loss on disposal of other properties, plant and equipment	–	–	–	(23)	(23)	–	(23)

5 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

Geographical segment information

The Group's revenue from external customers attributed to the geographical areas based on the location at which the services were provided or the goods were delivered as follows:

	2021	2020
	HK$'000	HK$'000
Hong Kong	**28,129**	47,409
The PRC	**10,462**	26,061
The U.S.A.	**32,783**	34,721
The U.K.	**96,783**	2,486
	168,157	110,677

The analysis above includes rental income from external customers in Hong Kong, the PRC and the U.K. of HK$4,187,000 (2020: HK$3,540,000), HK$4,549,000 (2020: HK$8,532,000) and HK$Nil (2020: HK$2,486,000) respectively.

The Group's information about its non-current assets (excluding financial assets measured at fair value through other comprehensive income and amounts due from associates and joint ventures) by location of the assets or by location of the related operations are detailed below:

	2021	2020
	HK$'000	HK$'000
Hong Kong	**216,192**	204,297
The PRC	**101**	233
The U.S.A.	**–**	–
The U.K.	**–**	–
Others	**13,249**	14,002
	229,542	218,532

6 OTHER REVENUE

	2021 HK$'000	2020 HK$'000
Interest income on loans to joint ventures	86	12,805
Income from forfeiture of property sales deposits	–	619
Interest income on bank deposits	308	56
Income from loans and other receivables	3,403	–
Others	2,709	2,390
	6,506	15,870

7 OTHER NET INCOME/(LOSS)

	2021 HK$'000	2020 HK$'000
Net foreign exchange gain/(loss)	22,705	(23,881)
Loss on disposal of other properties, plant and equipment	(139)	(23)
Government grants (Note)	1,366	–
	23,932	(23,904)

Note: Subsidies from Employment Support Scheme of HK$1,366,000 were granted from the Hong Kong SAR Government related to the employment in Hong Kong. There are no unfulfilled conditions or other contingencies attaching to these grants.

8 EXPENSES BY NATURE

	2021 HK$'000	2020 HK$'000
Auditor's remuneration		
– Audit services	1,277	1,187
– Non-audit services	1,062	311
Cost of inventories	446	6,546
Cost of properties for recognised sales	132,181	46,969
Direct cost for management services provided (Note)	11,458	6,089
Depreciation of:		
– Other properties, plant and equipment (Note 15(A))	1,759	1,899
– Right-of-use asset (Note 15(B))	9	112
Employee benefit expenses (Note 9)	25,356	41,127
Operating lease payment in respect of leased properties	206	2,419
Direct outgoings of rental, property management fee and utilities	5,150	7,854
Impairment loss of:		
– Trade receivables (Note 21)	22,777	807
– Properties for sale	-	3,441
– Other receivables, deposits and prepayments	419	3,680
Provision for inventories	2,525	-

Note: Direct cost for management services provided includes HK$11,185,000 (2020: HK$5,823,000) relating to staff costs which is also included in the respective total amount disclosed separately above.

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

(a) Employee benefit expenses

	2021 HK$'000	2020 HK$'000
Salaries, wages and other benefits	**24,986**	40,680
Retirement benefit schemes contributions (Note)	**370**	447
	25,356	41,127

Note: 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 HK$1,500 or 5% of the relevant payroll costs to the scheme per month, 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.

(b) Five highest paid individuals

For the year ended 31 March 2021, the five individuals whose emoluments were the highest in the Group include three directors (2020: three directors) whose emolument is reflected in the analysis in Note 10. During the year ended 31 March 2021, the emolument paid/payable to the remaining two individuals (2020: two individuals) is as follows:

	2021 HK$'000	2020 HK$'000
Salaries, wages and other benefits	**2,818**	3,870
Retirement benefit scheme contribution	**36**	36
	2,854	3,906

	Number of individuals	
	2021	2020
Emolument bands:		
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**–**	1
	2	2

10 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES)

(a) Directors' emoluments

The remunerations of each director of the Company for the year ended 31 March 2021 are as below:

	Fee	Salary	Discretionary Bonuses (Note (ii))	Allowances and benefits in kind	Employer's contribution of a retirement benefit scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors:						
Mr. Chan William (Note (i))	–	10,000	–	–	18	10,018
Mr. Yip Chun Kwok	–	2,608	–	–	18	2,626
	–	12,608	–	–	36	12,644
Non-executive Director:						
Mr. Ng Tak Kwan	800	–	–	–	–	800
Independent Non-executive Directors:						
Mr. To King Yan, Adam	224	–	–	–	–	224
Mr. Wong Hoi Ki	224	–	–	–	–	224
Mr. Ho Kwok Wah, George	224	–	–	–	–	224
	672	–	–	–	–	672
Total	1,472	12,608	–	–	36	14,116

10 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES) (Continued)

(a) Directors' emoluments (Continued)

The remunerations of each director of the Company for the year ended 31 March 2020 are as below:

	Fee	Salary	Discretionary Bonuses (Note (ii))	Allowances and benefits in kind	Employer's contribution of a retirement benefit scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive Directors:						
Mr. Chan William (Note (i))	–	12,000	6,500	–	18	18,518
Mr. Yip Chun Kwok	–	3,360	1,000	–	18	4,378
	–	15,360	7,500	–	36	22,896
Non-executive Director:						
Mr. Ng Tak Kwan	960	–	3,300	–	–	4,260
Independent Non-executive Directors:						
Mr. To King Yan, Adam	264	–	–	–	–	264
Mr. Wong Hoi Ki	264	–	–	–	–	264
Mr. Ho Kwok Wah, George	264	–	–	–	–	264
	792	–	–	–	–	792
Total	1,752	15,360	10,800	–	36	27,948

Notes:

(i) 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.

(ii) 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.

10 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONGKONG LISTING RULES) (Continued)

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year ended 31 March 2021 (2020: None).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 March 2021 (2020: None).

(d) Consideration provided to third parties for making available directors' services

No consideration was provided to or receivable by any third parties for making available directors' services during the year ended 31 March 2021 (2020: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealing arrangements in favour of the directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 March 2021 (2020: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

Save for disclosed under the material related party transactions in Note 39, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company 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 ended 31 March 2021 (2020: Nil).

11 FINANCE COSTS

	2021 **HK$'000**	2020 HK$'000
Interest on bank loans	**7,152**	13,694
Interest on loan from a non-controlling shareholder	**117**	256
Interest on lease liabilities (Note 15(B)(ii))	**–**	3
Less: interest expenses capitalised into properties under development for sale (Note)	**(807)**	(429)
	6,462	13,524

Note: Interest was capitalised at an average annual rate of approximately 5.0% (2020: 5.0%).

12 INCOME TAX

(a) Taxation in the consolidated income statement represents:

	2021 HK$'000	2020 HK$'000
Current tax		
Hong Kong profits tax		
– Provision for the year	–	106
– Over-provision in respect of prior year	(13)	(54)
	(13)	52
PRC Enterprise Income Tax ("EIT")		
– Provision for the year	–	–
– Over-provision in respect of prior year	(7)	(375)
	(7)	(375)
Overseas tax		
– Provision for the year	272	–
	252	(323)
Deferred tax		
Origination and reversal of temporary differences (Note 32(a))	–	6,321
	252	5,998

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Group did not have any assessable profits for the year ended 31 March 2021.

The provision for Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2020.

Under the laws of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC EIT tax rate is 25% (2020: 25%) for the year ended 31 March 2021.

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

12 INCOME TAX (Continued)

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

	2021 HK$'000	2020 HK$'000
Profit/(loss) before taxation	**31,662**	(78,942)
Notional tax on profit/(loss) before taxation, calculated at rates applicable to profit/(loss) in the countries concerned	**2,853**	(12,970)
Tax effects of:		
Share of (profit)/loss of joint ventures	**(2,724)**	3,262
Share of (profit)/loss of associates	**(65)**	14
Non-taxable income	**(12,346)**	(1,357)
Non-deductible expenses	**8,570**	8,393
Over-provision in prior year	**(20)**	(429)
Tax losses not recognised	**5,519**	5,420
Utilisation of tax losses previously not recognised	**(219)**	(716)
Derecognition of previously recognised deferred income tax assets	**-**	4,391
Others	**(1,316)**	(10)
	252	5,998

(c) For the year ended 31 March 2021, share of associates' income tax credit of HK$395,000 (2020: income tax expense of HK$1,843,000) is included in the share of (profit)/loss of associates and share of joint ventures' income tax expenses of HK$822,000 (2020: HK$176,000) is included in share of (profit)/loss of joint ventures.

13 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 HK$4,500,000 (2020: loss of HK$77,319,000) and 447,266,000 (2020: 477,447,000) weighted average number of ordinary shares in issue during the year.

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is of the same amount as the basic earnings/(loss) per share as there are no potential dilutive ordinary shares in existence during the years ended 31 March 2021 and 31 March 2020.

14 INVESTMENT PROPERTIES

	2021 **HK$'000**	2020 HK$'000
At valuation:		
At the beginning of the year	**162,240**	512,845
Decrease in fair value of investment properties	**(4,000)**	(13,471)
Transfer to assets classified as held-for-sale (Note 24)	**–**	(316,515)
Exchange adjustments	**–**	(20,619)
At the end of the year	**158,240**	162,240

At 31 March 2021, investment properties of HK$156,240,000 (2020: HK$160,140,000) were pledged as securities for bank loans (Note 27(c)).

	Investment properties in Hong Kong HK$'000	**Investment properties in the PRC** HK$'000	**Total** HK$'000
At 1 April 2019	175,820	337,025	512,845
(Decrease)/increase in fair value of investment properties	(13,580)	109	(13,471)
Transfer to assets classified as held-for-sale (Note 24)	–	(316,515)	(316,515)
Exchange adjustments	–	(20,619)	(20,619)
At 31 March 2020 and 1 April 2020	**162,240**	**–**	**162,240**
Decrease in fair value of investment properties	**(4,000)**	**–**	**(4,000)**
At 31 March 2021	**158,240**	**–**	**158,240**

Valuation processes

The investment properties in Hong Kong were revalued at 31 March 2021 by Asset Appraisal Limited (2020: Asset Appraisal Limited), an independent firm of surveyors who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and categories of the properties being valued.

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.

14 INVESTMENT PROPERTIES (Continued)

Valuation techniques

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 correlated to the discount/premium on quality of 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 stabilised occupancy rate and negatively correlated to the discount rate.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Investment properties			
– Hong Kong	Direct comparison approach	Discount/premium on quality of the building	-5% – 5% (2020: -15% – 5%)
– The PRC	Discounted cash flow method	Expected market rental growth	N/A (2020: 0% – 3%)
		Discount rate	N/A (2020: 9%)
		Stabilised occupancy rate	N/A (2020: 90%)

15(A) OTHER PROPERTIES, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
At cost:				
At 1 April 2019	47,485	9,070	3,649	60,204
Additions	–	88	347	435
Disposals	–	–	(245)	(245)
Exchange adjustments	–	(124)	(32)	(156)
At 31 March 2020 and 1 April 2020	**47,485**	**9,034**	**3,719**	**60,238**
Additions	**–**	**–**	**91**	**91**
Disposals	**–**	**(1,193)**	**(321)**	**(1,514)**
Exchange adjustments	**–**	**106**	**22**	**128**
At 31 March 2021	**47,485**	**7,947**	**3,511**	**58,943**
Accumulated depreciation:				
At 1 April 2019	7,135	8,512	3,150	18,797
Charged for the year	1,429	275	195	1,899
Disposals	–	–	(222)	(222)
Exchange adjustments	–	(109)	(28)	(137)
At 31 March 2020 and 1 April 2020	**8,564**	**8,678**	**3,095**	**20,337**
Charged for the year	**1,427**	**114**	**218**	**1,759**
Disposals	**–**	**(1,075)**	**(300)**	**(1,375)**
Exchange adjustments	**–**	**96**	**20**	**116**
At 31 March 2021	**9,991**	**7,813**	**3,033**	**20,837**
Net book value:				
At 31 March 2021	**37,494**	**134**	**478**	**38,106**
At 31 March 2020	38,921	356	624	39,901

Buildings are situated in Hong Kong under medium-term leases.

At 31 March 2021 and 31 March 2020, all buildings are pledged as securities for bank loans (Note 27(c)).

15(B) LEASES

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2021 HK$'000	2020 HK$'000
Right-of-use assets		
Other properties leased for own use	–	9
Lease liabilities		
Current lease liabilities	–	9

Note: During the years ended 31 March 2021 and 31 March 2020, the Group had no additions to the right-of-use assets.

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	2021 HK$'000	2020 HK$'000
Depreciation of right-of-use assets		
Other properties	9	112
Interest expense (included in finance costs) (Note 11)	–	3

The total cash outflow for leases in 2021 was HK$9,000 (2020: HK$115,000).

16 INTERESTS IN ASSOCIATES

	2021 HK$'000	2020 HK$'000
Share of net assets	19,947	2,380
Amounts due from associates (Note (d))	215,573	207,352
Share of net liabilities	(3,890)	(3,870)
	211,683	203,482
	231,630	205,862
Dividend received from an associate	2,600	19,240

16 INTERESTS IN ASSOCIATES (Continued)

Set out below are associates of the Group at 31 March 2021 which, in the opinion of the directors, are material to the Group. All of which are unlisted corporate entities whose quoted market prices are not available.

Name of entity	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital/ registered capital	Proportion of issued capital held by the Group		Proportion of voting power held at the board of directors		Principal activity
				2021	2020	**2021**	2020	
Fastest Runner Limited ("Fastest Runner") (Note (a))	Incorporated	British Virgin Islands ("BVI")	US$100	**22.8%**	20.8%	**33%**	33%	Investment holding
Dynamic Power Global Limited (Note (a))	Incorporated	BVI	US$1	**22.8%**	20.8%	**33%**	33%	Investment holding
Capital Universal Investment Limited (Note (a))	Incorporated	Hong Kong	HK$10,000,000	**22.8%**	20.8%	**33%**	33%	Property development
RREFLP (Notes (a) and (f))	Limited partnership	Cayman Islands	–	**3.5%**	1%	**33%**	33%	Investment holding
RREPFLP (Notes (b) and (g))	Limited partnership	Cayman Islands	–	**1%**	1%	**33%**	33%	Investment holding
Waltz Delight Limited ("Waltz Delight") (Note (b))	Incorporated	BVI	US$1,000	**12.5%**	12.5%	**33%**	33%	Investment holding

Notes:

(a) Dynamic Power Global Limited and Capital Universal Investment Limited are the wholly-owned subsidiaries of Fastest Runner. The 20% equity interest in Fastest Runner held by the Group is accounted for as interests in associates in the consolidated financial statements using equity method. The remaining 80% equity interest in Fastest Runner is held by RREFLP. Moreover, given that the Group is able to exercise significant influence over RREFLP as the Group has one representative on the Investment Committee which comprised of three members, pursuant to the limited partnership agreement that was entered into by the Group acting as general partner with other limited partners, the 1% partnership interest in RREFLP is accounted for as interests in associates in the consolidated financial statements using equity method at 31 March 2020.

During the year ended 31 March 2021, the Group acquired approximately 2.53% partnership interest in RREFLP at a consideration of HK$17,500,000. Total commitment of capital contributions in respect of the partnership interest is HK$23,000,000, of which HK$20,000,000 had been paid, and the remaining capital contribution of HK$3,000,000 will be payable to RREFLP by the Group. Upon completion of the acquisition, the partnership interest in RREFLP held by the Group has increased from 1% to approximately 3.53%. The Group's effective interest in Fastest Runner has therefore increased from approximately 20.80% to approximately 22.82% as a result of the acquisition.

16 INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(b) As part of the arrangement between the Group and RREPFLP, in which the Group had 1% partnership interest, for the sole purpose of the development of the property located in Wan Chai, Hong Kong, on 26 April 2018, a wholly-owned subsidiary of the Group transferred 88.4% equity interest in Waltz Delight, a wholly-owned subsidiary of the Group at 31 March 2018, to RREPFLP at a consideration of US$884 (equivalent to approximately HK$6,950). After the transfer of equity interest in Waltz Delight mentioned above, Waltz Delight became an associate of the Group and Waltz Delight had not carried on any business prior to the transfer. The 11.6% equity interest in Waltz Delight is accounted for as interests in associates in the consolidated financial statements using equity method as the Group had power to appoint one out of three directors of Waltz Delight pursuant to the shareholders' agreement. Moreover, given that the Group is able to exercise significant influence over RREPFLP as the Group has one representative on the Investment Committee which comprised of three members, pursuant to the limited partnership agreement that was entered into by the Group acting as general partner with other limited partners, the 1% partnership interest in RREPFLP is accounted for as interests in associates in the consolidated financial statements using equity method.

(c) Summarised financial information of associate

Set out below is the summarised financial information of a material associate, Fastest Runner and its subsidiaries ("Fastest Runner Group") at 31 March 2021, adjusted for any differences in accounting policies of the Group and reconciled to the carrying amounts in the consolidated financial statements.

	Fastest Runner Group	
	2021	2020
	HK$'000	HK$'000
Gross amounts of the associate		
Current assets	**2,026,900**	1,736,941
Non-current assets	**–**	–
Current liabilities	**(1,045,191)**	(931,127)
Non-current liabilities	**(997,454)**	(821,334)
Net liabilities	**(15,745)**	(15,520)
Revenue	**–**	–
Loss for the year	**(225)**	(8,143)
Total comprehensive income for the year	**(225)**	(8,143)
Reconciled to the Group's interest in the associate		
Gross amounts of consolidated net liabilities of the associate	**(15,745)**	(15,520)
Group's interest held through an indirect wholly-owned subsidiary of the Company	**20%**	20%
Group's share of consolidated net liabilities of the associate	**(3,149)**	(3,104)
Carrying amount in the consolidated financial statements	**(3,149)**	(3,104)
Group's share of associate's loss for the year	**(45)**	(1,629)
Dividend received from the associate	**–**	–

(d) Amounts due from associates

At 31 March 2021 and 31 March 2020, the amounts due from associates are interest-free and unsecured. All the amounts are not expected to be recovered within the next twelve months from the end of the reporting period and they are neither past due nor impaired.

16 INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(e) Aggregate information of associates that are not individually material:

	2021 HK$'000	2020 HK$'000
Aggregate carrying amounts of individually immaterial associates in the consolidated financial statements	**19,206**	1,614
Aggregate amounts of the Group's share of these associates' profit and total comprehensive income for the year	**441**	1,544
Dividend received from an associate	**2,600**	19,240

(f) At 31 March 2021, RREFLP's aggregate capital contribution was approximately HK$790,909,000 (2020: HK$740,686,000). Except for the newly acquired approximately 2.53% partnership interest as mentioned in Note 16(a), the Group has made a total commitment of HK$9,095,000 to RREFLP, of which HK$7,909,000 had been paid and the remaining of HK$1,186,000 will be payable to RREFLP by the Group.

(g) At 31 March 2021, RREPFLP's aggregate capital contribution was approximately HK$137,374,000 (2020: HK$140,808,000). The Group has made a total commitment of HK$1,580,000 to RREPFLP, of which HK$1,374,000 had been paid and the remaining of HK$206,000 will be payable to RREPFLP by the Group.

17 INTERESTS IN JOINT VENTURES

	2021 HK$'000	2020 HK$'000
Share of net assets	**13,249**	14,002
Amounts due from joint ventures (Note (e))	**282,476**	223,203
Share of net liabilities	**(26,577)**	(48,252)
	255,899	174,951
	269,148	188,953
Dividend received from a joint venture	**–**	2,384

17 INTERESTS IN JOINT VENTURES (Continued)

At 31 March 2021, the Group had interests in the following joint ventures, all of which are unlisted corporate entities whose quoted market prices are not available.

Name of entity	Form of business structure	Place of Incorporation and business	Particulars of issued and paid up capital/ registered capital	Proportion of issued capital held by the Group 2021	2020	Principal activity
RS Hospitality Private Limited	Incorporated	Bhutan	BTN239,400,000	**50%**	50%	Operation of boutique resorts
Quarella Holdings Limited	Incorporated	BVI	US$2	**43.5%**	43.5%	Investment holding
Quarella Group Limited (Note (a))	Incorporated	Hong Kong	HK$1	**43.5%**	43.5%	Distribution of construction and interior decorative materials
Q.R.B.G. S.r.L. (Note (a))	Incorporated	Italy	EUR5,000,000	**43.5%**	43.5%	Manufacturing and distribution of engineered stone composite surfaces products
廈門可維萊石材有限公司 (Notes (a) and (b))	Incorporated	The PRC	RMB100,000,000	**43.5%**	43.5%	Distribution of construction and interior decorative materials
意特利建材(深圳)有限公司 (Notes (a) and (b))	Incorporated	The PRC	RMB10,000,000	**43.5%**	N/A	Distribution of construction and interior decorative materials
Star Wonder Investments Limited (Note (a))	Incorporated	Hong Kong	HK$1	**43.5%**	43.5%	Investment holding
Quarella Building Materials (Malaysia) Sdn. Bhd. (Note (a))	Incorporated	Malaysia	MYR100	**43.5%**	43.5%	Distribution of construction and interior decorative materials
RB Le Roy, LLC (Note (c))	Incorporated	The U.S.A.	–	**–**	50%	Property development
RBD Properties LLC (Note (c))	Incorporated	The U.S.A.	–	**50%**	N/A	Property development

17 INTERESTS IN JOINT VENTURES (Continued)

Notes:

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

(b) These entities are foreign owned enterprises established in the PRC.

(c) 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.

(d) Summarised financial information of joint venture

Set out below is the summarised financial information of a material joint venture, Quarella Holdings Limited and its subsidiaries ("Quarella Group") at 31 March 2021, adjusted for any differences in accounting policies of the Group and reconciled to the carrying amount in the consolidated financial statements.

	Quarella Group	
	2021	2020
	HK$'000	HK$'000
Gross amounts of the joint venture		
Current assets	**452,223**	319,409
Non-current assets	**219,896**	214,914
Current liabilities	**(712,025)**	(617,688)
Non-current liabilities	**(12,583)**	(11,636)
Net liabilities	**(52,489)**	(95,001)
Included in the above assets and liabilities:		
Cash and cash equivalents	**91,667**	21,720
Current financial liabilities (excluding trade and other payables)	**(562,409)**	(504,167)
Non-current financial liabilities (excluding trade and other payables)	**(12,583)**	(11,635)
Revenue	**416,322**	405,833
Profit/(loss) for the year	**33,775**	(43,159)
Other comprehensive income for the year	**8,737**	(5,023)
Total comprehensive income for the year	**42,512**	(48,182)
Included in the above profit/(loss):		
Depreciation and amortisation	**(17,821)**	(14,355)
Interest income	**110**	262
Interest expense	**(701)**	(27,487)
Income tax expense	**(1,644)**	(352)

17 INTERESTS IN JOINT VENTURES (Continued)

Notes: (Continued)

(d) Summarised financial information of joint venture (Continued)

	Quarella Group	
	2021	2020
	HK$'000	HK$'000
Reconciled to the Group's interest in the joint venture		
Gross amounts of consolidated net liabilities of the joint venture	**(52,489)**	(95,001)
Group's effective interest	**43.5%**	43.5%
Group's share of consolidated net liabilities of the joint venture (effective interest)	**(22,833)**	(41,325)
Non-controlling interests' share of consolidated net liabilities of the joint venture	**(3,412)**	(6,176)
Unrealised profits resulting from transactions between the Group and the joint venture	**(332)**	(432)
Carrying amount in the consolidated financial statements	**(26,577)**	(47,933)
Group's share of joint venture's profit/(loss)	**16,988**	(21,313)

(e) At 31 March 2021, the amount due from a joint venture of HK$9,360,000 is interest bearing at 5.5% per annum and unsecured while the remaining balance of HK$273,116,000 is interest-free and unsecured. All the amounts are not expected to be recovered within the next twelve months from the end of the reporting period and they are neither past due nor impaired.

At 31 March 2020, the amount due from a joint venture of HK$190,000,000 is interest bearing at 4.5% per annum over 3-month Hong Kong Interbank Offer Rate ("HIBOR") and unsecured while the remaining balance of HK$33,203,000 is interest-free and unsecured. All the amounts are not expected to be recovered within the next twelve months from the end of the reporting period and they are neither past due nor impaired.

(f) Aggregate information of joint ventures that are not individually material:

	2021	2020
	HK$'000	HK$'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**13,249**	13,683
Aggregate amounts of the Group's share of these joint ventures		
(Loss)/profit for the year	**(563)**	1,541
Other comprehensive income for the year	**129**	(291)
Total comprehensive income for the year	**(434)**	1,250

18 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Unlisted equity securities designated at FVOCI (non-recycling)

	2021 **HK$'000**	2020 HK$'000
At the beginning of the year	**–**	1,000
Additions	**–**	199
Net fair value loss charged to equity	**–**	(1,199)
At the end of the year	**–**	–

Note: The unlisted equity securities are shares in a company incorporated in Hong Kong and engaged in investment holding and rendering of co-working space services. The Group designated this investment at FVOCI (non-recycling) as the investment is held for strategic purposes. No dividends were received from this investment during the years ended 31 March 2021 and 31 March 2020.

19 PROPERTIES FOR SALE

	2021 **HK$'000**	2020 HK$'000
Completed properties held for sale	**106,868**	197,199
Properties under development for sale	**295,414**	281,411
	402,282	478,610

(a) Properties for sales of the Group are located:

	2021 **HK$'000**	2020 HK$'000
In Hong Kong	**69,769**	74,720
Outside Hong Kong	**332,513**	403,890
	402,282	478,610

(b) At 31 March 2021, properties under development for sale of HK$249,748,000 (2020: HK$217,581,000) are expected to be completed after more than one year.

(c) At 31 March 2021, properties for sales of HK$115,435,000 (2020: HK$100,575,000) were pledged as securities for bank loans. (Note 27(c)).

20 INVENTORIES

	2021 HK$'000	2020 HK$'000
Construction and interior decorative materials:		
Finished goods	**5,977**	9,806
Goods-in-transit	**–**	9
	5,977	9,815

21 TRADE RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables	**87,677**	112,354
Loss allowance	**(51,272)**	(29,904)
	36,405	82,450

At 31 March 2021, the ageing analysis of the trade receivables based on invoice date, net of loss allowance, is as follows:

	2021 HK$'000	2020 HK$'000
1-30 days	**3,484**	10,474
31-60 days	**790**	928
61-90 days	**699**	5,530
Over 90 days	**31,432**	65,518
	36,405	82,450

The Group negotiates with customers on individual basis in accordance with contract terms, i.e. an average credit period of 90 days (2020: 90 days) after the issuance of invoices, except for sales of properties the proceeds from which are receivable pursuant to the terms of agreements, rental income which are receivable in the month the tenants use the premises and property management fee and utility income and asset, investment and fund management income which are receivable in the month the Group provides the services.

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 receivables from existing customers is reviewed by the Group regularly.

The Group applies the HKFRS 9 simplified approach to ECLs measurement which uses a lifetime expected loss allowance for all trade receivables.

Information about the impairment of trade receivables and the Group's exposure to credit risk and currency risk can be found in Notes 3.1(b) and 3.1(a)(i) respectively.

21 TRADE RECEIVABLES (Continued)

Movements in the loss allowance account in respect of trade receivables is as follows:

	2021 HK$'000	2020 HK$'000
At the beginning of the year	**29,904**	31,863
Impairment losses recognised during the year	**22,777**	807
Uncollectible amounts written off	**(4,525)**	(827)
Exchange adjustments	**3,116**	(1,939)
At the end of the year	**51,272**	29,904

The creation and release of loss allowance for impaired trade receivables was charged to the profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering the amount.

22 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 HK$'000	2020 HK$'000
Deposits and prepayments (Note)	**1,506**	60,779
Loans and other receivables	**35,599**	3,774
	37,105	64,553

Note: At 31 March 2020, the balance included deposit paid for acquisition of properties for sale of HK$58,563,000.

23 BANK DEPOSITS AND CASH ON HAND

	2021 HK$'000	2020 HK$'000
Deposits with banks	**–**	3,901
Cash at banks and on hand	**369,788**	238,192
	369,788	242,093
Less: restricted deposits (Note (ii))	**–**	(3,901)
Cash and cash equivalents in the consolidated cash flow statement	**369,788**	238,192

Notes:

(i) At 31 March 2021, bank deposits and cash on hand include HK$3,556,000 (2020: HK$9,658,000) which are denominated in 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 2020, the Group was required to place deposit at designated bank account amounting to HK$3,901,000 for securing the deposit received from tenant.

24 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

The Group has entered into a new framework agreement dated 13 June 2019 with Shanghai Medicilon Inc. (the "Purchaser"), an independent third party, to dispose of the entire equity interest in Bestlinkage NHI Co., Ltd. ("Bestlinkage"), an indirect non-wholly owned subsidiary of the Company and the shareholder's loan owing by Bestlinkage to the Group (collectively referred to the "Disposal") at an aggregate consideration of RMB337,601,000 (equivalent to HK$383,296,000). Bestlinkage is a property investment holding company and its major asset is its legal and beneficial interest in Kailong Nanhui Business Park, an industrial complex located in Shanghai, the PRC.

At 31 March 2020, certain conditions precedent pursuant to the Disposal were fulfilled which included the approvals at the shareholders' meetings of the Company and the Purchaser respectively. The previous framework agreement and property sale and purchases agreement were automatically terminated upon the new framework agreement became effective. Given that the formal sale and purchase agreement in relation to the Disposal was yet to be signed at 31 March 2020 and the discussion and negotiation with the Purchaser for finalising the terms and arrangements of the Disposal were in progress, the assets and liabilities of Bestlinkage were classified as "Assets classified as held-for-sale" and "Liabilities directly associated with assets classified as held-for-sale" respectively in the Group's consolidated statement of financial position at 31 March 2020 in accordance with Hong Kong Financial Reporting Standard 5, *Non-current assets held-for-sale and discontinued operations*.

Assets and liabilities classified as held-for-sale at 31 March 2020 are analysed as follows:

	2020 HK$'000
Asset classified as held-for sale	
Investment properties (Note)	316,515
Trade receivables	6,748
Other receivables, deposits and prepayments	1,779
Bank deposits and cash on hand	4,169
Total assets classified as held-for-sale	329,211
Liabilities directly associated with assets classified as held-for-sale	
Trade and other payables	39,502
Amount due to immediate holding company	87,889
Deferred tax liabilities	17,808
Total liabilities directly associated with assets classified as held-for-sale	145,199
Less: Amount due to immediate holding company	(87,889)
Liabilities directly associated with assets classified as held-for-sale	57,310

Note: The investment properties are held in the PRC under medium-term leases and were revalued at 31 March 2020 by Beijing Colliers International Real Estate Valuation Co., Ltd., an independent firm of surveyors who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and categories of properties being valued.

On 30 September 2020, the Disposal was completed and Bestlinkage ceased to be a subsidiary of the Group (Note 37).

25 TRADE AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables	**998**	2,872
Deposits received from tenants (Note)	**1,012**	4,579
Other payables and accruals	**25,104**	13,072
	27,114	20,523

Note: Except for certain deposits received from tenants of HK$268,000 (2020: HK$661,000) at 31 March 2021 which are expected to be settled after more than one year, the remaining balance is expected to be settled within one year.

At 31 March 2021, the ageing analysis of trade payables, based on invoice date, is as follows:

	2021 HK$'000	2020 HK$'000
1-30 days	**962**	2,756
31-60 days	**–**	79
61-90 days	**–**	–
Over 90 days	**36**	37
	998	2,872

26 CONTRACT LIABILITIES

	2021 HK$'000	2020 HK$'000
Distribution of construction and interior decorative materials		
– Advanced payments received	**–**	476
Asset, investment and fund management services		
– Advanced payments received	**280**	109
	280	585

Notes:

(i) The amounts of advances received from customers are expected to be recognised as income within one year.

(ii) The amount of income recognised during the year ended 31 March 2021 that was included in contract liabilities at 31 March 2020 is HK$585,000 (2020: HK$5,277,000).

26 CONTRACT LIABILITIES (Continued)

Notes: (Continued)

(iii) Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

– Distribution of construction and interior decorative materials

The Group receives deposits and sale proceeds from customers when they sign the sale and purchase agreements. These receipts in advance are recognised as contract liabilities until the goods are delivered and controlled by the customers.

– Sale of completed properties

The Group receives contract value as deposits from customers when they sign the sale and purchase agreements. These deposits are recognised as contract liabilities until the properties are completed and legally assigned to/accepted by customers. The rest of the consideration is typically paid when legal assignment is completed.

– Assets, investment and fund management services

The Group receives payments from customers according to the services agreements. These advance payments are recognised as contract liabilities until the services are provided to the customers.

27 BANK LOANS

The analysis of the carrying amount of secured bank loans is as follows:

	2021 HK$'000	2020 HK$'000
Current liabilities		
Portion of bank loans due for repayment within one year-secured	**137,978**	78,649
Portion of bank loans due for repayment after one year which contain a repayment on demand clause-secured	**103,013**	217,682
	240,991	296,331
Non-current liability		
Bank loans-secured	**–**	8,372

At 31 March 2021, the secured bank loans are due for repayment as follows:

	2021 HK$'000	2020 HK$'000
Portion of bank loans due for repayment within one year-secured	**137,978**	78,649
Bank loans due for repayment after one year (Notes (e) and (f)):		
After one year but within two years – secured	**10,426**	123,701
After two years but within five years – secured	**71,689**	74,450
After five years – secured	**20,898**	27,903
	103,013	226,054
	240,991	304,703

27 BANK LOANS (Continued)

Notes:

(a) At 31 March 2021, bank loans drawn in Hong Kong bear interest at the rates ranging from 1.5% to 2.3% (2020: 1.5% to 3.0%) per annum over HIBOR. The interests are repriced every month.

(b) At 31 March 2021, bank loan drawn in the U.S.A. bears interest at 5% (2020: 5.0%) per annum.

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

	2021	2020
	HK$'000	HK$'000
Investment properties (Note 14)	**156,240**	160,140
Buildings (Note 15(A))	**37,494**	38,921
Properties for sale (Note 19)	**115,435**	100,575
	309,169	299,636

Such banking facilities amounted to HK$314,247,000 (2020: HK$392,017,000) were utilised to the extent of HK$240,991,000 at 31 March 2021 (2020: HK$304,703,000).

(d) 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 utilised facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants.

None of the covenants relating to the utilised facilities had been breached for the years ended 31 March 2021 and 31 March 2020.

(e) The amounts due are based on the scheduled repayment dates set out in bank loan agreements and ignore the effect of any repayment on demand clause.

(f) Certain of the Group's bank loan agreements contain clauses which give the lenders the right at their sole discretion to demand immediate repayment at any time irrespective of whether the Group has met the scheduled repayment obligations.

The Group does not consider it probable that banks will exercise their discretion to demand immediate repayment so long as the Group continues to meet the scheduled repayment obligations. Further details of the Group's management of liquidity risk are set out in Note 3.1(c).

28 LOANS FROM NON-CONTROLLING SHAREHOLDERS

At 31 March 2020, the loan from a non-controlling shareholder of HK$1,689,000 is unsecured, interest bearing of 15% per annum and repayable on demand while the remaining loans from other non-controlling shareholders of HK$76,793,000 are unsecured, interest-free and are repayable on demand. The entire amounts were settled to the non-controlling shareholders during the year ended 31 March 2021.

29 SHARE CAPITAL

Ordinary shares, issued and fully paid	Number of ordinary shares of HK$0.01 each '000	Share capital HK$'000
At 1 April 2019 and 31 March 2020	477,447	4,774
At 1 April 2020	**477,447**	**4,774**
Buy-back and cancellation of shares (Note)	**(102,000)**	**(1,020)**
At 31 March 2021	**375,447**	**3,754**

Note: On 28 September 2020, Dongxing Securities (Hong Kong) Company Limited made a conditional offer on behalf of the Company to buy-back for cancellation up to 102,000,000 ordinary shares at the price of HK$0.68 per share (the "Offer"). The Offer became unconditional in all respects on 23 November 2020 and was fully accepted on 7 December 2020. An aggregate cash consideration of HK$69,360,000, funded by internal resources of the Group, was paid by the Company, following which those 102,000,000 shares bought-back by the Company were cancelled on 14 December 2020.

30 DIVIDENDS

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

	2021 HK$'000	2020 HK$'000
Final dividend declared and paid after the end of the reporting period of HK3 cents per share (2020: HKNil cents per share)	**11,263**	–

The Board does not recommend the payment of an interim dividend for the year ended 31 March 2021 (2020: HKNil cents per share).

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

	2021 HK$'000	2020 HK$'000
Final dividend declared and paid after the end of the reporting period of HKNil cents per share (2020: HK6 cents per share)	**–**	28,647

31 RESERVES

The reconciliation between the opening and closing balances of each component of the Group's reserves is set out in the consolidated statement of changes in equity. Details of the changes in the Company's reserves between the beginning and the end of the year are set out below.

The Company

	Share premium HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2019	469,130	646,679	1,115,809
Changes in equity for the year			
Profit and other comprehensive income for the year	–	424,825	424,825
Dividend declared in respect of the prior year	–	(28,647)	(28,647)
At 31 March 2020 and 1 April 2020	**469,130**	**1,042,857**	**1,511,987**
Buy-back of shares	**(68,271)**	**–**	**(68,271)**
Changes in equity for the year			
Loss and other comprehensive income for the year	**–**	**(17,585)**	**(17,585)**
At 31 March 2021	**400,859**	**1,025,272**	**1,426,131**

Nature and purpose of reserves

(i) Statutory reserve

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

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 2.8.

(iii) Other reserve

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

(iv) Revaluation reserve

The revaluation reserve has been set up and is dealt with in accordance with the accounting policy set out in Note 2.4.

(v) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period and is dealt with in accordance with the accounting policy set out in Note 2.10.

32 DEFERRED TAX

(a) Deferred tax (assets)/liabilities recognised:

The movements in deferred tax during the year are as follows:

Deferred tax (assets)/liabilities	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Revaluation of properties HK$'000	Total HK$'000
At 1 April 2019	20,028	(20,028)	13,435	13,435
Charged to profit or loss	1,352	4,941	28	6,321
Transfer to assets classified as held-for-sale (Note 24)	(15,663)	9,556	(11,701)	(17,808)
Exchange adjustments	(957)	771	(1,762)	(1,948)
At 31 March 2020 and 1 April 2020	**4,760**	**(4,760)**	**–**	**–**
(Credited)/charged to profit or loss	**(990)**	**990**	**–**	**–**
At 31 March 2021	**3,770**	**(3,770)**	**–**	**–**

(b) Deferred tax assets not recognised:

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

	2021		2020	
	Tax losses HK$'000	**Deferred tax assets HK$'000**	Tax losses HK$'000	Deferred tax assets HK$'000
Hong Kong	**212,645**	**35,086**	196,204	32,374
Outside Hong Kong	**38,028**	**7,712**	27,893	5,510
	250,673	**42,798**	224,097	37,884

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. Except for the tax losses arising from the 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 and the tax losses arising in tax years ending before 1 January 2018 from the operations in the U.S.A. will expire in twenty years after the relevant accounting year end date, the remaining tax losses can be carried forward indefinitely and have no expiry date.

(c) 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 HK$53,938,000 (2020: HK$54,929,000) 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.

33 FINANCIAL INSTRUMENTS BY CATEGORIES

	2021 HK$'000	2020 HK$'000
Financial assets at amortised cost		
Amounts due from associates	**211,683**	203,482
Amounts due from joint ventures	**255,899**	174,951
Trade receivables	**36,405**	82,450
Other receivables and deposits	**25,475**	61,000
Bank deposits and cash on hand	**369,788**	242,093
	899,250	763,976
Financial liabilities at amortised cost		
Trade and other payables	**21,264**	16,271
Lease liabilities	**–**	9
Bank loans	**240,991**	304,703
Loans from non-controlling shareholders	**–**	78,482
	262,255	399,465

34 CASH FLOW INFORMATION

(a) Cash generated from/(used in) operations

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

	Note	**2021 HK$'000**	2020 HK$'000
Profit/(loss) before taxation		**31,662**	(78,942)
Adjustments for:			
Decrease in fair value of investment properties		**4,000**	13,471
Depreciation of other properties, plant and equipment	*8*	**1,759**	1,899
Depreciation of right-of-use assets	*8*	**9**	112
Gain on disposal of interest in a subsidiary	*37*	**(46,657)**	–
Loss on disposal of other properties, plant and equipment	*7*	**139**	23
Interest income on bank deposits	*6*	**(308)**	(56)
Interest income on loans to joint ventures	*6*	**(86)**	(12,805)
Interest expenses	*11*	**6,462**	13,524
Share of (profit)/losses of joint ventures		**(16,425)**	19,772
Share of (profit)/losses of associates		**(396)**	85
Impairment loss on trade receivables	*8*	**22,777**	807
Impairment loss on other receivables, deposits and prepayments	*8*	**419**	3,680
Provision for inventories	*8*	**2,525**	–
Impairment loss on properties for sale	*8*	**–**	3,441
Exchange (gain)/loss		**(17,330)**	24,586
Operating loss before changes in working capital		**(11,450)**	(10,403)
Changes in working capital:			
Decrease/(increase) in properties for sale		**83,213**	(22,340)
Decrease in inventories		**1,929**	2,426
Decrease in trade receivables		**22,993**	8,283
Decrease/(increase) in other receivables, deposits and prepayments		**35,296**	(44,805)
Decrease in trade and other payables		**(5,681)**	(9,945)
Decrease in contract liabilities		**(343)**	(4,345)
Cash generated from/(used in) operations		**125,957**	(81,129)

34 CASH FLOW INFORMATION (Continued)

(b) Reconciliation of liabilities arising from financing activities:

	Lease liabilities HK$'000	Bank loans HK$'000	Loans from non-controlling shareholders HK$'000	Total HK$'000
At 31 March 2019	–	338,459	78,218	416,677
Adoption of HKFRS 16	121	–	–	121
At 1 April 2019	121	338,459	78,218	416,798
Changes from financing cash flows:				
Proceeds from new bank loans	–	141,608	–	141,608
Repayments of bank loans	–	(175,175)	–	(175,175)
Repayments of lease liabilities	(112)	–	–	(112)
Advances from non-controlling shareholders	–	–	679	679
Total changes from financing cash flows	(112)	(33,567)	679	(33,000)
Exchange adjustments	–	(189)	(415)	(604)
Other changes:				
Interest expenses (Note 11)	3	13,265	256	13,524
Capitalised borrowing costs (Note 11)	–	429	–	429
Interest paid	(3)	(13,694)	(256)	(13,953)
Total other changes	–	–	–	–
At 31 March 2020	9	304,703	78,482	383,194

34 CASH FLOW INFORMATION (Continued)

(b) Reconciliation of liabilities arising from financing activities: (Continued)

	Lease liabilities HK$'000	Bank loans HK$'000	Loans from non-controlling shareholders HK$'000	Total HK$'000
At 1 April 2020	9	304,703	78,482	383,194
Changes from financing cash flows:				
Proceeds from new bank loans	–	14,091	–	14,091
Repayments of bank loans	–	(77,893)	–	(77,893)
Repayments of lease liabilities	(9)	–	–	(9)
Repayment to non-controlling shareholders	–	–	(78,482)	(78,482)
Total changes from financing cash flows	(9)	(63,802)	(78,482)	(142,293)
Exchange adjustments	–	90	–	90
Other changes:				
Interest expenses (Note 11)	–	6,345	117	6,462
Capitalised borrowing costs (Note 11)	–	807	–	807
Interest paid	–	(7,152)	(117)	(7,269)
Total other changes	–	–	–	–
At 31 March 2021	–	240,991	–	240,991

35 COMMITMENTS

(a) Operating lease commitments

The Group leases offices and warehouses under non-cancellable operating lease agreements. From 1 April 2019, the Group has recognised right-of-use assets for these leases, except for short-term leases, which are disclosed in Note 15(B).

At 31 March 2021, the Group's future aggregate minimum lease payments under non-cancellable operating leases not recognised in the consolidated financial statements are payable as follows:

	2021	2020
	HK$'000	HK$'000
Within one year	**17**	7

(b) At 31 March 2021, capital commitments outstanding and not provided for in the consolidated financial statements were as follows:

	2021	2020
	HK$'000	HK$'000
Authorised but not contracted for	**927,993**	722,813
Contracted for	**62,198**	50,835
	990,191	773,648

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

36 CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

At the end of the reporting period, the Company has issued guarantees to banks in respect of banking facilities granted to certain indirect subsidiaries, an associate and a joint venture of HK$384,107,000 (2020: HK$383,877,000), HK$20,000,000 (2020: HK$Nil) and HK$Nil (2020: HK$54,400,000) respectively. Such banking facilities were utilised by the subsidiaries, the associate and the joint venture to the extent of HK$135,991,000 (2020: HK$131,382,000), HK$Nil (2020: HK$Nil) and HK$Nil (2020: HK$20,000,000) respectively.

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.

At 31 March 2021 and 2020, the Group did not recognise any liabilities in respect of each corporate financial guarantees as the amounts of loss allowance estimated under the expected credit loss model were insignificant.

37 DISPOSAL OF INTEREST IN A SUBSIDIARY

On 30 September 2020, the Group disposed of the entire equity interest in Bestlinkage. Upon the completion of the Disposal, Bestlinkage ceased to be a subsidiary of the Group. (Note 24)

The net assets of Bestlinkage as at the date of the Disposal were as follows:

	HK$'000
Net assets disposed of:	
Investment properties	329,122
Trade receivables	10,794
Other receivables, deposits, and prepayments	189
Bank deposits and cash on hand	4,908
Trade and other payables	(36,245)
Amount due to immediate holding company	(91,390)
Deferred tax liabilities	(19,129)
	198,249

	HK$'000
Consideration received in cash	374,149
Consideration receivable	9,147
Total consideration	383,296
Less: Repayment to immediate holding company	(91,390)
Net assets disposed of	(198,249)
Release of translation reserve	(17,721)
Costs directly attributable to the Disposal	(29,279)
Gain on disposal of interest in a subsidiary	46,657

Net cash inflow on the Disposal:

	HK$'000
Consideration received in cash	374,149
Bank deposit and cash disposed of	(4,908)
Costs directly attributable to the Disposal paid	(17,041)
Net cash inflow on the Disposal for the year	352,200

During the year ended 31 March 2021, the Purchaser settled HK$374,149,000 and the remaining balance of the consideration amounted to HK$9,147,000 is included in other receivables, deposits and prepayments at 31 March 2021.

38 BUSINESS COMBINATION

(a) Worth Celestial Limited – Step acquisition from joint venture to subsidiary

On 10 December 2019 the Group acquired additional 60% of the equity interests in Worth Celestial Limited and its subsidiaries ("Worth Celestial Group"). Upon the completion of the acquisition, Worth Celestial Limited became a wholly-owned subsidiary of the Group. The net assets acquired were as follows:

	HK$'000
Purchase consideration:	
Cash paid	7

The net assets of Worth Celestial Group as at the date of acquisition were as follows:

	Fair value HK$'000
Other receivables, deposits and prepayments	190,610
Bank deposits and cash on hand	4,711
Amount due to the Group	(195,314)
Net identifiable assets	7

(b) Payment for acquisition of subsidiaries, net of cash acquired

	HK$'000
Outflow of cash to acquire subsidiaries	(7)
Cash acquired	4,711
Net cash inflow	4,704

Worth Celestial Group does not have any operations during the year ended 31 March 2020.

39 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:

	2021 HK$'000	2020 HK$'000
Asset management expense to a related company (Note (i))	(192)	(380)
Investment management expense to a related company (Note (i))	(2,240)	(380)
Sales of construction materials to a joint venture	568	1,760
Purchase of construction materials from joint ventures	–	(2,782)
Investment management fee income from associates	7,674	7,674
Project management fee income from associates	6,219	11,007
Rental and building management fee income from joint ventures	–	389
Rental and building management fee income from a related company (Note (ii))	87	513
Rental and building management fee income from an associate	140	–
Rental deposit received from a related company (Note (ii))	–	108
Rental deposit received from an associate	80	–
Trade receivable from a joint venture, net of loss allowance	20,531	41,797
Trade receivables from associates, net of loss allowance	11,855	10,065

Notes:

(i) 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).

(ii) 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).

(b) Compensation of key management personnel

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

	2021 HK$'000	2020 HK$'000
Salaries and short-term employee benefits	16,666	28,053
Post-employment benefits	108	107
	16,774	28,160

Total remuneration is included in employee benefit expenses (see Note 9(a)).

40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 HK$'000	2020 HK$'000
Non-current assets		
Investments in subsidiaries	**38,552**	38,552
Right-of-use assets	**1,727**	–
Amount due from a joint venture	**273,116**	223,203
	313,395	261,755
Current assets		
Other receivables, deposits and prepayments	**666**	665
Amounts due from subsidiaries	**994,379**	1,350,674
Bank deposits	**269,522**	115,740
	1,264,567	1,467,079
Current liabilities		
Payables and accruals	**1,929**	1,453
Amounts due to subsidiaries	**39,385**	37,300
Lease liabilities	**1,763**	–
Bank loans	**105,000**	173,320
	148,077	212,073
Net current assets	**1,116,490**	1,255,006
NET ASSETS	**1,429,885**	1,516,761
CAPITAL AND RESERVES		
Share capital	**3,754**	4,774
Reserves	**1,426,131**	1,511,987
TOTAL EQUITY	**1,429,885**	1,516,761

The financial statements were approved by the Board of Directors on 24 June 2021 and were signed on its behalf.

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

40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

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 2021	2020	Principal activities
Power City Investments Limited*	Hong Kong	Ordinary	HK$47,599,891	**59.1%**	59.1%	Investment holding
Joint Champ International Limited	BVI	Ordinary	US$100	**87%**	87%	Investment holding
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 Group Limited	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 Management Services Limited*	Hong Kong	Ordinary	HK$1	**100%**	100%	Provision of management services
Rykadan Capital Asset Management Limited*	Hong Kong	Ordinary	HK$1	**100%**	100%	Provision of asset management services
Rykadan Capital Management Limited	Hong Kong	Ordinary	HK$3,000,000	**100%**	100%	Provision of asset management services
Rykadan Project Management Limited*	Hong Kong	Ordinary	HK$1	**100%**	100%	Provision of project management services
Rykadan 001 LLC*	The U.S.A.	Capital contribution	US$100	**100%**	100%	Property development
Rykadan 002 LLC*	The U.S.A.	Capital contribution	US$100	**100%**	100%	Property development
Rykadan 005 LLC*	The U.S.A.	Capital contribution	US$100	**100%**	100%	Property development
MP Property One LLC*	The U.S.A.	Capital contribution	US$100	**100%**	100%	Property development
Sigrid Holdings Limited*	BVI	Ordinary	US$1	**100%**	100%	Property development

40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

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

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 2021	2020	Principal activities
Triple-I Capital Partners Limited*	Canada	Ordinary	CAD6,000,000	100%	N/A	Provision of financing services
Integrity International Investment Limited*	Hong Kong	Ordinary	HK$1	100%	N/A	Provision of management services
Q-Stone Building Materials Limited*	Hong Kong	Ordinary	HK$10,000	87%	87%	Distribution 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%	Distribution of construction and interior decorative materials
格利來建材(深圳)有限公司*#	The PRC	Registered capital	RMB8,000,000	87%	87%	Distribution of construction and interior decorative materials

* These entities are indirectly held by the Company.

\# These entities are foreign owned enterprises established in the PRC.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2017	2018	2019	2020	**2021**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	602,325	408,144	881,095	110,677	**168,157**
Profit/(loss) for the year	54,385	34,676	322,641	(84,940)	**31,410**
Profit/(loss) for the year attributable to:					
Equity shareholders of the Company	53,510	31,120	329,957	(77,319)	**4,500**
Non-controlling interests	875	3,556	(7,316)	(7,621)	**26,910**
	54,385	34,676	322,641	(84,940)	**31,410**

ASSETS AND LIABILITIES

	As at 31 March				
	2017	2018	2019	2020	**2021**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	1,671,381	2,639,256	2,024,317	1,803,697	**1,548,681**
Total liabilities	526,865	1,442,450	554,883	462,919	**269,868**
	1,144,516	1,196,806	1,469,434	1,340,778	**1,278,813**
Equity attributable to equity shareholders of the Company	1,112,449	1,153,133	1,439,286	1,323,385	**1,277,154**
Non-controlling interests	32,067	43,673	30,148	17,393	**1,659**
	1,144,516	1,196,806	1,469,434	1,340,778	**1,278,813**