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RYKADAN CAPITAL LIMITED

宏基資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2288)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL HIGHLIGHTS

	For the year ended 31 March	
	2021	2020
RESULTS		
Profit/(loss) for the year (HK\$'000)	31,410	(84,940)
	At	At
	31 March	31 March
	2021	2020

FINANCIAL INFORMATION PER SHARE

Net assets per share attributable to equity shareholders of the Company (HK\$) (Total equity attributable to equity shareholders of the Company/number of issued ordinary shares of the Company)	3.40	2.77
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BANK BALANCES AND CASH

At 31 March 2021, the Group had bank deposits and cash of approximately HK\$370 million (2020: HK\$242 million).

FINAL DIVIDEND

The Board has proposed the payment of a final dividend of HK3 cents per share.

The board of directors (the “Board”) of Rykadan Capital Limited 宏基資本有限公司 (the “Company”) hereby announces the consolidated annual results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2021 together with the comparative figures for the year ended 31 March 2020 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	3	168,157	110,677
Cost of sales and services		<u>(149,235)</u>	<u>(67,458)</u>
Gross profit		18,922	43,219
Other revenue	4	6,506	15,870
Other net income/(loss)	5	23,932	(23,904)
Gain on disposal of interest in a subsidiary	17	46,657	–
Selling and marketing expenses		(4,773)	(3,562)
Administrative and other operating expenses		<u>(65,941)</u>	<u>(63,713)</u>
Profit/(loss) from operations		25,303	(32,090)
Decrease in fair value of investment properties	11	<u>(4,000)</u>	<u>(13,471)</u>
		21,303	(45,561)
Finance costs	6	(6,462)	(13,524)
Share of profit/(loss) of associates		396	(85)
Share of profit/(loss) of joint ventures		<u>16,425</u>	<u>(19,772)</u>
Profit/(loss) before taxation		31,662	(78,942)
Income tax	8	<u>(252)</u>	<u>(5,998)</u>
Profit/(loss) for the year		<u>31,410</u>	<u>(84,940)</u>
Attributable to:			
– Equity shareholders of the Company		4,500	(77,319)
– Non-controlling interests		<u>26,910</u>	<u>(7,621)</u>
Profit/(loss) for the year		<u>31,410</u>	<u>(84,940)</u>
Earnings/(loss) per share	9		
Basic and diluted		<u>1.0 cents</u>	<u>(16.2) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	<i>Note</i>	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	17	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)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	<i>Note</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Non-current assets			
Investment properties	<i>11</i>	158,240	162,240
Other properties, plant and equipment		38,106	39,901
Right-of-use assets		–	9
Interests in associates	<i>12</i>	231,630	205,862
Interests in joint ventures	<i>13</i>	269,148	188,953
Financial assets measured at fair value through other comprehensive income		–	–
		697,124	596,965
Current assets			
Properties for sale		402,282	478,610
Inventories		5,977	9,815
Trade receivables	<i>14</i>	36,405	82,450
Other receivables, deposits and prepayments		37,105	64,553
Bank deposits and cash on hand		369,788	242,093
		851,557	877,521
Assets classified as held-for-sale		–	329,211
		851,557	1,206,732
Current liabilities			
Trade and other payables	<i>15</i>	27,114	20,523
Contract liabilities		280	585
Lease liabilities		–	9
Bank loans	<i>16</i>	240,991	296,331
Loans from non-controlling shareholders		–	78,482
Current tax liabilities		1,483	1,307
		269,868	397,237
Liabilities directly associated with assets classified as held-for-sale		–	57,310
		269,868	454,547

	<i>Note</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Net current assets		<u>581,689</u>	<u>752,185</u>
Total assets less current liabilities		<u>1,278,813</u>	<u>1,349,150</u>
Non-current liability			
Bank loans	<i>16</i>	<u>–</u>	<u>8,372</u>
NET ASSETS		<u>1,278,813</u>	<u>1,340,778</u>
CAPITAL AND RESERVES			
Share capital		3,754	4,774
Reserves		<u>1,273,400</u>	<u>1,318,611</u>
Total equity attributable to equity shareholders of the Company		<u>1,277,154</u>	<u>1,323,385</u>
Non-controlling interests		<u>1,659</u>	<u>17,393</u>
TOTAL EQUITY		<u>1,278,813</u>	<u>1,340,778</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

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

These consolidated financial statements of the Group are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. 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.

The principal accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020 except for the accounting policy changes that are reflected in the 2021 annual financial statements. Details of the changes in accounting policies are set out below.

CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of 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.

The Group has not applied any new standard and amendments to existing standards that are not yet effective for the current accounting period.

3. 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
	<u>159,421</u>	<u>96,119</u>
Revenue from other source		
– Rental income	8,736	14,558
	<u>168,157</u>	<u>110,677</u>

Disaggregation of revenue from contracts with customers by timing of revenue recognition and by geographical markets are disclosed in note 3(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 has 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 United Kingdom (the "U.K.") and the United States of America (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.

(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	2020
	HK\$'000	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.

- Property development – This segment derives its revenue from repositioning and value enhancement of properties 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.).
- 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 People's Republic of China (the "PRC")).
- Asset, investment and fund management – This segment derives its revenue from investing in and managing a portfolio of real estates in Hong Kong.
- Distribution of construction and interior decorative materials – This segment derives its revenue from distribution of stone composite surfaces products in the Greater China region.

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.

Segment results

For the year ended 31 March 2021

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Asset, investment and fund management <i>HK\$'000</i>	Distribution of construction and interior decorative materials <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
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

For the year ended 31 March 2020

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Asset, investment and fund management <i>HK\$'000</i>	Distribution of construction and interior decorative materials <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	<u>–</u>	<u>14,558</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>14,558</u>
External revenue	57,001	23,314	19,746	10,616	–	110,677
Inter-segment revenue	<u>–</u>	<u>3,549</u>	<u>–</u>	<u>–</u>	<u>(3,549)</u>	<u>–</u>
Total	<u><u>57,001</u></u>	<u><u>26,863</u></u>	<u><u>19,746</u></u>	<u><u>10,616</u></u>	<u><u>(3,549)</u></u>	<u><u>110,677</u></u>
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						<u>(19,772)</u>
Loss before taxation						<u><u>(78,942)</u></u>

Segment assets and liabilities

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
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
	<hr/>	<hr/>
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
	<hr/>	<hr/>
Total consolidated assets of the Group	<u>1,548,681</u>	<u>1,803,697</u>
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
	<hr/>	<hr/>
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
	<hr/>	<hr/>
Total consolidated liabilities of the Group	<u>269,868</u>	<u>462,919</u>

Other segment information

For the year ended 31 March 2021

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Asset, investment and fund management <i>HK\$'000</i>	Distribution of construction and interior decorative materials <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
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)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(138)</u>	<u>(138)</u>	<u>(1)</u>	<u>(139)</u>

For the year ended 31 March 2020

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Asset, investment and fund management <i>HK\$'000</i>	Distribution of construction and interior decorative materials <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
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)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23)</u>	<u>(23)</u>	<u>-</u>	<u>(23)</u>

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 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
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
	<u>168,157</u>	<u>110,677</u>

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 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	216,192	204,297
The PRC	101	233
The U.S.A.	–	–
The U.K.	–	–
Others	13,249	14,002
	<u>229,542</u>	<u>218,532</u>

4. OTHER REVENUE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
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
	<u>6,506</u>	<u>15,870</u>

5. OTHER NET INCOME/(LOSS)

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

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.

6. FINANCE COSTS

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

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

7. EXPENSES BY NATURE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditors' remuneration – audit services	1,277	1,187
Cost of inventories	446	6,546
Cost of properties for recognised sales	132,181	46,969
Direct cost for management services provided (<i>Note</i>)	11,458	6,089
Depreciation of:		
– Other properties, plant and equipment	1,759	1,899
– Right-of-use assets	9	112
Employee benefit expenses	25,356	41,127
Operating lease payments 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	22,777	807
– Properties for sale	–	3,441
– Other receivables, deposits and prepayments	419	3,680
Provision for inventories	2,525	–
	<u>2,525</u>	<u>–</u>

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

8. INCOME TAX

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

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

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

9. 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.

10. DIVIDEND

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

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

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.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Final dividend in respect of the previous financial year of HKNil cents per share (2020: HK6 cents per share)	<u>–</u>	<u>28,647</u>

11. INVESTMENT PROPERTIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
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	–	(316,515)
Exchange adjustments	–	(20,619)
At the end of the year	<u>158,240</u>	<u>162,240</u>

At 31 March 2021, investment properties of HK\$156,240,000 (2020: HK\$160,140,000) were pledged as securities for bank loans (note 16).

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 has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and categories of the properties being valued.

12. INTERESTS IN ASSOCIATES

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

During the year ended 31 March 2021, the Group acquired approximately 2.53% partnership interest in Rykadan Real Estate Fund LP (“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 indirectly held by the Group has increased from 1% to approximately 3.53%. RREFLP and the Group owns 80% and 20% respectively of the direct interest of Fastest Runner Limited, an associate of the Group, which was formed for the single purpose to redevelop a property located in Hong Kong. The Group’s effective interest in Fastest Runner Limited has therefore increased from approximately 20.80% to approximately 22.82% as a result of the acquisition.

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.

13. INTERESTS IN JOINT VENTURES

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

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.

14. TRADE RECEIVABLES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
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 the 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.

15. TRADE AND OTHER PAYABLES

At 31 March 2021, included in trade and other payables are trade payables of HK\$998,000 (2020: HK\$2,872,000) and the ageing analysis of trade payables, based on invoice date, is as follows:

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

16. BANK LOANS

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
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	<u>103,013</u>	<u>217,682</u>
	<u>240,991</u>	<u>296,331</u>
Non-current liability		
Bank loans – secured	<u>–</u>	<u>8,372</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Portion of bank loans due for repayment within one year – secured	137,978	78,649
Bank loans due for repayment after one year (<i>notes (e) and (f)</i>):		
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	<u>20,898</u>	<u>27,903</u>
	<u>103,013</u>	<u>226,054</u>
	<u>240,991</u>	<u>304,703</u>

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 5.0% (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	156,240	160,140
Buildings	37,494	38,921
Properties for sale	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.

17. DISPOSAL OF INTEREST IN A SUBSIDIARY

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 purchase 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" in the Group's consolidated statement of financial position at 31 March 2020 in accordance with HKFRS 5, *Non-current assets held-for-sale and discontinued operations*.

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

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

	<i>HK\$'000</i>
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)
	<u>198,249</u>
	<u><u>198,249</u></u>
	<i>HK\$'000</i>
Consideration received in cash	374,149
Consideration receivable	9,147
	<u>383,296</u>
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)
	<u>46,657</u>
Gain on disposal of interest in a subsidiary	<u><u>46,657</u></u>
	<i>HK\$'000</i>
Net cash inflow on the Disposal:	
Consideration received in cash	374,149
Bank deposits and cash disposed of	(4,908)
Costs directly attributable to the Disposal paid	(17,041)
	<u>352,200</u>
Net cash inflow on the Disposal for the year	<u><u>352,200</u></u>

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.

BUSINESS AND FINANCIAL REVIEW

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 indirectly held by the Group increased from 1% to approximately 3.53%. (For details, please refer to note 12 to the annual results announcement).

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 17 to the annual results announcement).

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

Investment	Location	Type	Group's interest	Status as of 31/3/2021	Total gross floor area (Note)	Attributable gross floor area
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
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 composite surfaces products	43.5%
RS Hospitality Private Limited (“RS Hospitality”)	A joint venture for operating a 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.

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.

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 have 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).

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The financial figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

PROPOSED FINAL DIVIDEND

A final dividend of HK3 cents per share for the year ended 31 March 2021 has been proposed by the Board and is subject to approval by the shareholders in the forthcoming annual general meeting. Upon approval by the shareholders, the proposed final dividend will be paid on 10 September 2021 to the shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The 2021 annual general meeting (the “AGM”) of the Company is scheduled to be held on 25 August 2021. For determining the qualification as shareholders to attend and vote at the AGM, the register of members of the Company will be closed from 20 August 2021 to 25 August 2021, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, investors are urged to lodge all transfers of shares accompanied by the relevant share certificates with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on 19 August 2021.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 2 September 2021 to 3 September 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfer of shares accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on 1 September 2021.

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 bought-back 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

During the year, the Company had complied with the code provisions and certain recommended best practices set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules, except the following deviations:

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, which were regular meetings held for (i) approving the final results for the year ended 31 March 2020, (ii) approving the interim results for the period ended 30 September 2020, (iii) approving the change of auditor of the Company, and (iv) approving conditional cash offer by Dongxing Securities (Hong Kong) Company Limited on behalf of the Company to buy-back up to 102,000,000 shares at HK\$0.68 per share and approving the related application for whitewash waiver, appointment of independent financial adviser and resumption of trading. The Company has not held another regular Board meeting as it is not required under the Listing Rules to publish quarterly results.

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

DIRECTORS’ 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.

AUDIT COMMITTEE REVIEW

The Audit Committee comprises three independent non-executive directors, namely Mr. Ho Kwok Wah, George (Chairman of the Audit Committee), Mr. To King Yan, Adam and Mr. Wong Hoi Ki, with the chairman possessing the appropriate professional qualifications and accounting expertise. The Company’s annual results for the year ended 31 March 2021 have been reviewed by the Audit Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is available for viewing on the websites of the Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.rykadan.com>) and the annual report for the year ended 31 March 2021 of the Company containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

For and on behalf of the Board

Rykadan Capital Limited

宏基資本有限公司

CHAN William

Chairman and Chief Executive Officer

Hong Kong, 24 June 2021

As at the date of this announcement, the Board comprises Mr. CHAN William (Chairman and Chief Executive Officer) and Mr. YIP Chun Kwok (Chief Operating Officer) as executive directors, Mr. NG Tak Kwan as non-executive director and Mr. TO King Yan, Adam, Mr. WONG Hoi Ki and Mr. HO Kwok Wah, George as independent non-executive directors.