



大凌集團有限公司  
STYLAND HOLDINGS LIMITED  
(股份代號 Stock Code: 0211)

STRIVING AHEAD 非凡抱負  
for a 炫目光芒  
**Brighter Future**  
Annual Report 2012/2013 年報



# Striving Ahead for a **BRIGHTER FUTURE**

The front cover design of this year's annual report depicts our company striving ahead towards a brighter future.

The beautiful butterflies represent Styland's transformation from a small trading company in its early days of operation into today's business conglomerate operating in the financial services, property development and investment, and general trading sectors.

The image of the bright blue sky depicts the bright future that Styland is headed for. With our strong team of employees and expertise in the financial services business, we are confident about taking the Styland Group towards a brighter future.

## 非凡抱負 **炫目光芒**

本年報之封頁設計將本公司「非凡抱負 炫目光芒」的主題描繪得栩栩如生。

蝴蝶翩翩起舞，象徵大凌由經營初期的小型貿易公司蛻變成今天的多元綜合企業，集金融服務、物業發展及投資與一般貿易於一身。

藍天白雲、萬里晴空，寓意大凌正邁向可恣意翱翔的明朗前景。憑藉優秀團隊和金融服務業專才，我們自信可令大凌集團盡展炫目光芒。





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# OUR MISSION

To contribute to society

To provide a rewarding career to our employees and inspire them to learn and grow

To deliver excellent products and services to our customers

To create strong returns for our shareholders





# Corporate Profile



## Styland Group

Styland Holdings Limited (“Styland” or the “Company”) is a diversified business conglomerate. Together with its subsidiaries (“Styland Group” or the “Group”), the Group engages in its principal business activities of financial business, property development and investment, and general trading.

Established since 1977, Styland Group is focused on businesses that provide the Group stable and high returns. The Group’s securities broking, margin financing and corporate finance core businesses are operated by Ever-Long Securities, a wholly-owned subsidiary of the Group.

Money lending is another core business of the Group. Ever-Long Finance, the Group’s wholly-owned subsidiary, offers mortgage loans to clients in the Hong Kong market.

In the property development and investment arena, given the strong fundamentals of the Hong Kong property market, the Group had invested in some of Hong Kong’s premier residential and commercial real estate. Our focus is on properties that yield a good return on investment. Currently, the Group has resolved to redevelop its property on Fei Ngo Shan Road, Hong Kong.

At Styland, we believe in being caring and responsible citizens. We care about our communities and helping the needy. To this end, we will continue to support our chosen charities by taking an active role in community fundraising campaigns and donating to the needy. We will also seek meaningful ways to support our communities by giving our time, effort and donations to help worthwhile causes.



*Staying on Course  
for a Brighter Future*

# Chairman's Statement

## Financial Results

In the year ended 31 March 2013 ("FY2013"), the Group's main focus remained to be on the development of its financial services core business. This comprises securities broking, margin financing, corporate finance and money lending. Due to the market's ample capital and the low interest rate environment, this encouraged our clients to engage in borrowing activities. This was especially evident in our mortgage loans sector as the Group reaped a substantial increase in its mortgage interest income. This is shown by the 98% increase in our mortgage interest income in FY2013 compared to that in the previous financial year. Furthermore, we are proud to have garnered a rise of 7% in our margin financing income in the year under review.

With the opening of our new securities broking branch in the North Point District of Hong Kong during FY2013, this enabled the Group to expand its securities broking business as well as promote its financial service offerings to a larger audience. As a result, we successfully expanded our customer base in FY2013 as shown by the new customer accounts that were opened during FY2013. We further believe that the North Point branch will help strengthen the foundation of our brokerage business and be instrumental in the future expansion of our brokerage business.

On the property development and investment front, we have expanded our property portfolio with a commercial property in the Hong Kong Central business district during FY2013. This rental property serves to broaden our sources of rental income. In addition, the Group has decided to redevelop its investment property on Fei Ngo Shan Road in the New Territories of Hong Kong. With our plan to redevelop this property into a high-end luxury property firmly in place, we envisage that this redevelopment will greatly increase the market value of this property and thus, contribute to the Group by enhancing its financial results performance and produce a higher net asset value for the Group in the future.



## Corporate Social Responsibility

In line with the Group's unwavering dedication to contribute to charitable endeavors, the Group has continued to participate in a variety of charitable activities in FY2013. In FY2013, the Group participated in Dress Casual Day 2012 and Skip Lunch Day 2013, both organized by The Community Chest of Hong Kong, ORBIS World Sight Day 2012, organized by ORBIS, Medecins Sans Frontieres Day 2012, organized by Medecins Sans Frontieres, and the UBCAA Ocean Park Field Trip 2013, organized by the Hong Kong Branch of The University of British Columbia Alumni Association.



The Group also endeavors to play an active role in encouraging not only its employees, but also its customers and business partners to take an active role in carrying out corporate social responsibility initiatives.

In support of sustainability, and to take part in creating a cleaner and safer future, our employees have participated in "Earth Hour 2013" during the year. This meaningful activity encourages participants to do something positive for the environment and concurrently, develop lasting behaviors that support a sustainable future. Furthermore, it is our Group's policy to encourage our employees to suggest ways in which the Group can save energy and reduce carbon emissions in our daily work routines. We believe that this important corporate social responsibility initiative enhances the awareness of environmental conservation among our employees. Through this initiative, we are able to effectively reduce our office expenses as our employees have acted responsibly by conserving energy around the office.

## Future Development

With respect to the Group's future development, we have built a strong foundation in our financial services business sector. Today, our wholly-owned subsidiary Ever-Long Securities is a prominent market player in the stock broking and corporate finance businesses. As such, the Group is confident that even when we are faced with adversities, and despite an ever changing operating landscape, our financial service businesses will continue to perform well under these conditions.

Regarding our money lending business, we believe that our mortgage business will continue its upward momentum. With the market's growing appetite for mortgages, the Group plans to cooperate with business partners from the money lending industry to further develop its mortgage business. Moreover, we will continue to look for new ways to further expand our mortgage business in view of boosting our interest income in the future years.





On the property investment front, the Group remains confident about the long term development of the property market in Hong Kong. Following the addition of the commercial property during FY2013, the Group may continue to identify other investment opportunities in residential or commercial properties to further widen its sources of rental income.

With the series of new economic development policies put into place by China's new leadership, the Group is exploring the opportunities arising from these policies to capture new business opportunities to speed up the Group's development.

## Words of Appreciation

Having successfully overcome the many challenges that we have been faced with over the past few years, the Group is now firmly on the growth path. This success is attributable to our entire team — our employees, senior management, as well as our Board. It is their unwavering dedication to Styland, strong teamwork and unrelenting drive for success that make it possible for us to achieve the strong set of results that we have attained this year.

On behalf of the Board, I would like to take this opportunity to express my heartfelt appreciation to you, our valued shareholders, for your continued support to the Styland Group. I would also like to thank my fellow Directors on the Board for their invaluable guidance, our employees for their hard work, and our business partners for their contribution to the Styland Group.

**Zhao Qingji**  
*Chairman*

Hong Kong, 26 June 2013



*Reaching New Milestones  
through Teamwork*



# Management Discussion and Analysis

## Business Review and Prospects

### Results

In FY2013, the Group recorded a turnover of HK\$148,121,000 as compared to HK\$249,899,000 for the corresponding year in 2012 ("FY2012"). Despite the decline in its turnover, the Group had improved its bottom line in FY2013 as shown by the profit of HK\$40,200,000 in FY2013 as compared with the profit of HK\$10,212,000 in FY2012.

### Review of Operations

#### *Brokerage Business:*

- **Securities Broking**

During the first half of FY2013, the European debt crisis and the recovery of the United States' economy continued to affect stock markets around the world. The Hong Kong Stock Market was not immune to such effects. As a result, the Hong Kong Stock Market experienced a shrinkage in its market turnover. Despite this setback, the Group continued to strive forward in developing its brokerage business and regarded the period of slowdown in the stock market as an opportunity to strengthen its business. For instance, during the year under review, the Group had strengthened its sales force by hiring experienced account executives who referred new clients to the Group after joining the Group.



# Management Discussion and Analysis

In the second half of FY2013, market concerns arising from the overseas markets were gradually eased because of the easing measures that were introduced by various central governments. We saw a positive effect of these easing measures on the Hong Kong Stock Market as the market sentiment in Hong Kong had improved and the average market turnover had risen steadily during the second half of FY2013. Our new retail branch in North Point had officially opened for business. This new branch offers clients a spectrum of securities broking services. Benefiting from the opening of this new branch, the number of new client accounts opened in FY2013 had grown 88% as compared to that in FY2012. Thanks to our expansion strategy in the slowdown period, the turnover of the Group for the second half of FY2013 had recorded an increase of 74% as compared to that for the first half of the year. On an annual basis, in FY2013, the Group had achieved a total turnover of approximately HK\$4.6 billion.



- **Margin Financing**

To take advantage of the current exceptionally low interest rate environment which encouraged clients to leverage via margin financing, the Group has witnessed an increase in demand for margin loans in FY2013. In fact, this increased demand was well catered by the Group's relatively high level of working capital. The combination of low interest rates and our strong ability to meet clients' margin financing needs boosted the interest income under our margin financing business as shown by the rise of 7% on the Group's margin financing interest income in FY2013 when compared to that in FY2012. This positive result had enabled the Group to overcome the financial impact of lowered interest income resulting from the low market turnover.



- **Corporate Finance**

As a result of the postponement of fund raising and IPO activities due to the volatility of the global financial market in FY2013, the Group's commission income earned from corporate finance exercises had decreased significantly during the year. However, the Group observed the rebound of the fund raising market in the first quarter of the 2013 calendar year. To capitalize on the increasingly positive market sentiment, the Group will continue its strategy of focusing on small cap corporate finance activities by acting as the placing agent and underwriter for its corporate clients.

# Management Discussion and Analysis

## ***Mortgage Financing:***

Faced with intense competition in its brokerage business in recent years, the Group had strategically diversified its core business into mortgage financing since the 2011 financial year (“FY2011”) by offering mortgage financing services. The Group has witnessed the continuous growth of its mortgage loans business since the inception of this business segment in FY2011. During FY2013, the Group recorded interest income of HK\$14,276,000 from this segment, accounted for a 98% increase as compared to that in FY2012. The significant growth of this segment has proven the success of our business diversification efforts.

In light of the overwhelming demand for mortgage loans, the Group has resolved to further raise its business target to a new high. The Group believes that the mortgage financing business will continue to be a major and stable source of income for the Group.

To cope with the growth of this business, the Group has completed the optimization of its operational procedures by installing a brand new Loan Management Solution during FY2013, which has improved the efficiency of the management of its loans portfolio. Given the complexity of the current business environment, in FY2013, the Group had also enhanced its credit control functions by incorporating certain tools to its existing operation system with a view to mitigating fraudulent activities.



## ***Property Development and Investment:***

With respect to the Group’s existing premium property on Fei Ngo Shan Road, Hong Kong, the Group has resolved to redevelop this property into a two-storey house and has engaged a reputable land development consultancy to advise the Group on this redevelopment. The Group believes that the market value of this dignitary property may rise significantly. Upon the recognition of the revaluation surplus, the Group’s operational results and net asset value will rise accordingly.

Through the Transfer (as defined in note 44 to the consolidated financial statements), the Group newly owned a commercial property in Central in FY2013. The property was rented out at the time of the Transfer. According to the valuation report, the fair value of this property rose to HK\$93,000,000 as at 31 March 2013, representing an increase of 12% as compared to its transfer price at the date of the Transfer. Due to the soaring rental prices for commercial properties in the territory over the past two years, the Group believes that it will receive a higher rental yield from this property upon the negotiation of new tenancies. The Group expects to generate satisfactory rental income from this valuable property.

# Management Discussion and Analysis

## **Trading Business:**

As a result of the tight credit control measures, the turnover of the Group's general trading business decreased significantly during FY2013 when compared to that in FY2012. Other than the trading of frozen foods, the Group is considering about diversifying the range of products for its general trading business segment. Nevertheless, the Group will regularly review the turnover and results of this segment and if necessary, reallocate its internal resources to more profitable business segments to improve the return on its internal resources.

## **Prospects**

After the launch of the quantitative easing policies, the United States' economy has shown signs of recovery. In China, the Central Government plans to implement its National Policy of Urbanization by developing rural areas into urban ones. To take advantage of the positive factors, the Group has enhanced its marketing campaign. Other than providing clients more transparent information and the latest market information as it does on a regular basis, our account executives will take a more proactive approach in marketing the Group's various financial products to clients. To further expand its client base, the Group plans to continue with its strategy of strengthening its online trading system, targeting the clients from Mainland China. In the Hong Kong market, with the opening of the new North Point branch in FY2013, the Group hopes this will expand its network and attract more retail customers.



Attributable to the increasingly stringent lending requirements in Hong Kong, the demand for short-term loans remains strong. To capitalize on its well-established network and clientele, the Group considers strategic cooperation with companies that results in synergy a good way to speed up the development of its mortgage loans business. The Group believes that its adoption of professional credit control measures and the optimization of the operational system have well-equipped the Group for the expansion.

In light of the short supply of land in Hong Kong and the low interest rate era, the Group believes that property prices in Hong Kong, including the market value of the residential and commercial properties of the Group, will remain high. The Group also believes that the revaluation surplus, upon its completion of the redevelopment of the property on Fei Ngo Shan Road, Hong Kong, will boost the operational results and the net asset value of the Group.

# Management Discussion and Analysis

## Corporate Social Responsibility

To keep pace with the development of the business world, the Group has incorporated eco-friendly practices and social responsibility into its operations. The Group believes that the practices have benefited not only the society, but also the Group by reducing its operational costs.



## Occupational Health

The management recognizes the importance of employees' health, thus it cares about the employees' health and safety including their mental health. In order to maintain the indoor air quality of the workplace at a high level, the Group grows a variety of plants in the office. Employees are also encouraged to keep potted plants on their desks. In addition, the Group has arranged to have the ventilation system cleaned regularly by a professional air-conditioning cleaning company. All of these measures have been implemented by our management to create a comfortable workplace for the staff.

## Environmental Protection

The Group supports the government's call for environmental protection by reducing carbon emission. To fulfill its responsibilities to society and benefit the public, the Group continues to promote the awareness of environmental conservation in the workplace by reducing waste and saving energy. In fostering the "green office" concept, the Group has adopted the tips provided by CLP and had posted them at the office for the employees to view to educate them about environmental protection. In addition, employees were encouraged to make recommendations to the Group on ways of reducing wastage or saving electricity costs. The Group believes that through the staff's observation of their own habits, this may attribute to the saving of resources, and the concept of environmental conservation would be promoted to the staff effectively. In the past three financial years from FY2011 up to and including FY2013, the Group had participated in WWF Hong Kong's Earth Hour activity by encouraging its employees to switch off the lights in their homes for one hour on a designated day.



# Management Discussion and Analysis

## Giving to the Community

The Group has always regarded the act of giving to the community an important pursuit of the Group. As such, over the past years, the Group had participated in various charitable activities and provided aid to the needy whenever there was a real need for it. To support the chosen charitable organizations, the Group has always encouraged its staff to sponsor the events. During FY2013 and up to the date of this report, the Group and its staff have participated in the Dress Casual Day 2012, ORBIS World Sight Day 2012, the Community Chest Skip Lunch Day 2013, Medecins Sans Frontieres Day 2012 and the UBCAA Ocean Park Field Trip 2013.



In terms of new corporate social responsibility initiatives, in March 2013, the Group sponsored, for the first time, the Ocean Park Field Trip organized by The University of British Columbia Alumni Association for the children of Shamshupo Kaifong Welfare Association Primary School. This fun-filled event for the children to visit Ocean Park was set to take place in May 2013. The Group believes in taking good care of underprivileged children and sponsoring educational events such as this one.



## Staff

As at 31 March 2013, the Group had 57 employees. Remuneration packages are generally structured with reference to prevailing market practice and individual merits. Salaries are reviewed periodically based on the employee performance appraisal or other relevant factors. The Group also maintains certain staff benefit plans including medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

The emoluments of the Directors are determined by the Remuneration Committee as delegated by the Board, with reference to market rates and the respective Directors' experience, duties and responsibilities in the Group. None of the Directors are involved in deciding their own remuneration.



## Financial Review

As at 31 March 2013, the Group's cash at banks and in hand totaled approximately HK\$96,211,000 (2012: HK\$70,195,000) and its net asset value was approximately HK\$351,504,000 (2012: HK\$311,304,000).



# Management Discussion and Analysis



Bank borrowings and financial leases as at 31 March 2013 amounted to HK\$88,375,000 (2012: HK\$5,799,000) of which HK\$3,596,000 (2012: HK\$1,292,000) was repayable within one year. The gearing ratio, being the ratio of total bank borrowings and financial lease to shareholders' fund, was about 0.25 (2012: 0.02).

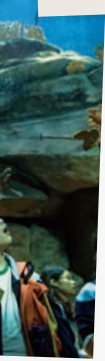
As at 31 March 2013, time deposits of HK\$6,225,000, a motor vehicle worth HK\$163,000 and investment properties at a total valuation of HK\$166,000,000 were pledged to financial institutions to secure the banking facilities that were granted to the Group.

## Capital Structure

As at 31 March 2013 and 2012, the amount of the Company's issued share capital was approximately HK\$37,098,000 dividing into 3,709,773,088 shares of HK\$0.01 each.

## Investments in Financial Assets

Other than the holding of a portfolio of listed securities with market value of approximately HK\$38,249,000 as at 31 March 2013 for the trading purpose, the Group did not make any other major investments during the year. The Group will continue to adopt a prudent approach for its investments.



# Management Discussion and Analysis



## Credit Risk

For the brokerage business, the Group is strictly in compliance with the Securities and Futures Ordinance (the "SFO"). Margin loans are granted to customers based on their individual assessment of financial status, repayment records and the liquidity of collaterals placed by them. The applicable interest rate is determined according to these factors. Margin loans are demanded for repayment once a customer fails to repay a deposit, margin loan or another sum that is due to the Group.

For the mortgage financing business, mortgage loans are granted to clients based on the aggregate market value of the pledged properties as confirmed by independent valuation companies. To lower the Group's exposure to risk in its mortgage financing business, the mortgage amounts to be granted to a client in general shall not exceed 80% of the aggregate market value of the pledged properties.

Trading terms with general trading customers are mainly on credit, except for new customers, where advance payment is normally required or a letter of credit is received. Invoices are normally payable within 30 to 60 days of issuance, except for certain well-established customers, where the payment terms may be extended to 90 days.

## Operational Risk

The Group has put in place an effective internal controls system for its operations. Under the brokerage business, a monitoring team comprised of licensed responsible officers registered under the SFO and senior management personnel who have a good track record in complying with the SFO, has been set up to monitor the settlement matters of traded securities and cash. In order to safeguard clients' interests and comply with the requirements of the SFO, our monitoring team has continually carried out ongoing checks and verifications so that we are able to maintain our service standard at a satisfactory level. During FY2013, the brokerage operation of the Group had complied with the SFO.

## Interest Rate Risk

The Group monitors its interest rate exposure regularly to ensure that the underlying risk is within an acceptable range. The Group's interest rate risk mainly arises from bank loans as interest is charged according to a floating interest rate with a loan repayment period of around 20 years.

## Liquidity Risk

The Group's policy is to regularly assess current and expected liquidity requirements and to ensure that it maintains reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements.

# Management Discussion and Analysis

## Foreign Exchange Exposure

During FY2013, the Group's business activities as well as its assets and liabilities were mainly denominated in Hong Kong Dollars, US Dollars and Renminbi. In light of the exchange rate peg between the Hong Kong Dollar and the US Dollar, and the immaterial balances of the assets or liabilities denominated in Renminbi when compared to the Group's total assets or liabilities, the Group considers its foreign exchange risk immaterial for FY2013. It is the Group's treasury policy to manage its foreign currency exposure to minimise any material financial impact to the Group.

## Petition

Details of the petition are set out in note 44 to the consolidated financial statements.

## Contingent Liabilities

As at 31 March 2013, the Group did not have any material contingent liabilities (2012: immaterial).

# Report of the Directors

The Directors present their report and audited financial statements of the Company and the Group for FY2013.

## Principal Activities

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries consist of investment holdings, brokerage, financing, trading of securities, general trading and property development and investment. There were no significant changes in the nature of the Group's activities during the year.

## Results and Dividends

The Group's results for FY2013 and the state of affairs of the Group as at 31 March 2013 are set out in the consolidated financial statements on pages 40 to 116.

The Directors do not propose the payment of a final dividend for FY2013.

## Fixed Assets and Investment Properties

Details of movements in fixed assets and investment properties of the Group are set out in notes 17 and 18 to the consolidated financial statements, respectively. Further details of the Group's investment properties are set out on page 118.

## Share Capital

Details of movements in the share capital are set out in note 33 to the consolidated financial statements.

## Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## Reserves

Details of movements in the reserves of the Company during the year are set out in note 48(b) to the consolidated financial statements. Details of movements in the reserve of the Group during the year are set out on page 43.

# Report of the Directors

## Distributable Reserves

As at 31 March 2013, the Company's reserves available for distribution were HK\$168,630,000. Under the laws of Bermuda, the Company's share premium account, in the amount of HK\$55,251,000, may be distributed in the form of fully-paid bonus shares.

## Summary Financial Information

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate, is set out on page 117. This summary does not form part of the audited consolidated financial statements.

## Directors

The Directors of the Company in FY2013 and up to the date of this report are:

### Executive Directors

Mr. Cheung Hoo Win (Chief Executive Officer)  
Mr. Ng Yiu Chuen  
Ms. Mak Kit Ping  
Ms. Zhang Yuyan  
Ms. Chen Lili

### Independent Non-Executive Directors

Mr. Zhao Qingji (Chairman)  
Mr. Yeung Shun Kee  
Mr. Li Hancheng  
Mr. Lo Tsz Fung Philip

In accordance with the Company's Bye-Laws 182(vi), Mr. Zhao Qingji, Mr. Yeung Shun Kee and Mr. Li Hancheng shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting of the Company.

## Connected Transaction

In FY2013, the Group entered into the following transaction with connected persons (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") of the Company which is required to be reported in this annual report in compliance with the disclosure requirements under Chapter 14A of the Listing Rules:

# Report of the Directors

As disclosed in note 44 to the consolidated financial statement, Mr. Cheung and Ms. Yeung procured KC Asset to transfer Full Bright to the Company. Mr. Cheung is a substantial shareholder of the Company and the father of Mr. Cheung Hoo Win, who is Executive Director and Chief Executive Officer of the Company. Ms. Yeung is the spouse of Mr. Cheung. Mr. Cheung and Ms. Yeung are the ultimate beneficial owners of KC Asset. As such Mr. Cheung, Ms. Yeung and KC Asset are connected parties of the Company and thus the Transfer of Full Bright is a connected transaction as defined under Chapter 14A of the Listing Rules.

## Directors' Service Contracts

No Director proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

## Directors' Interests in Securities

As at 31 March 2013, the interests and short positions of the Directors or the Chief Executive of the Company in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

### Long position in shares and underlying shares of the Company

Name of Director	Type of interests	Number of issued shares	Approximately percentage of the issued share capital
Lo Tsz Fung Philip	Beneficial owner	300,000	0.01%

All the interests stated above represented long positions. As at 31 March 2013, no short positions were recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept under Section 352 of the SFO.

# Report of the Directors

Save as disclosed above, as at 31 March 2013, none of the Directors or the Chief Executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Directors' Interests in Contracts

None of the Directors had a material interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party in FY2013.

## Substantial Shareholders

The Register of Substantial Shareholders maintained under Section 336 of the SFO shows that, as at 31 March 2013, the Company had been notified of the following interests in the Company:

	Number of shares	Percentage
Mr. Cheung (Note 1)	802,979,609	21.64%
Ms. Yeung (Note 2)	802,979,609	21.64%

Notes:

1. Mr. Cheung personally held 602,388,715 shares of the Company. As Mr. Cheung is the sole shareholder of K.Y. Limited ("KY"), he was deemed to have interests in 95,265,727 shares of the Company held by KY.  
  
Mr. Cheung is the spouse of Ms. Yeung and accordingly deemed to be interested in the 105,325,167 shares of the Company beneficially interested by Ms. Yeung.
2. Ms. Yeung is the spouse of Mr. Cheung and accordingly deemed to be interested in the 697,654,442 shares beneficially interested by Mr. Cheung.
3. On 20 August 2002, Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) notified the Company that they respectively held 165,050,000 and 150,800,000 shares of the Company. To ensure the accuracy of its register of members, the Company wrote to Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) to inquire into their then shareholdings in the Company on 14 June 2004. On 13 December 2004, the Company received a letter from Mr. Lin Wen (林文先生), claiming that he held approximately 5 million shares of the Company, which was substantially different from the record of Mr. Lin Wen's (林文先生) interests available from the website of the Stock Exchange and the Company. The Company could not reach Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生), though it had repeatedly tried to seek valid notification under the SFO from them. Up to the date of this report, the Company has not received any further response from Mr. Lin Wen (林文先生) or Mr. Sun Jin Lin (孫進林先生). According to the High Court order (case no. HCA3544/03), Mr. Lin Wen (林文先生) and Mr. Sun Jin Lin (孫進林先生) were ordered to pay the legal costs of HK\$861,818 to the Company. The Group has been considering the way to recover the costs.

# Report of the Directors

## Purchase, Redemption or Sale of the Company's Listed Securities

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities in FY2013.

## Major Customers and Suppliers

In FY2013, sales to the Group's single largest and five largest customers combined accounted for 18% and 23%, respectively, of the Group's total sales, whereas purchases from the Group's single largest and five largest suppliers combined accounted for 22% and 67%, respectively, of the Group's total purchases.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

## Corporate Governance

The Company is committed to maintain high standards of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 24 to 31.

## Share Option Scheme

A summary of the share option scheme is set out in note 34 to the consolidated financial statements.

## Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of its Directors as at the latest practicable date prior to the issue of this report, the public float of the share of the Company is sufficient.

## Events after the Reporting Period

Details of significant events occurring after the reporting period are set out in note 45 to the consolidated financial statements.



# Report of the Directors

## Auditors

UHY Vocation HK CPA Limited was first appointed as the auditor of the Company for the financial year ended 31 March 2012 upon the retirement of SHINE WING (HK) CPA Limited, who acted as the auditor of the Company for the financial years ended 31 March 2011 and 2010.

UHY Vocation HK CPA Limited will retire at the forthcoming Annual General Meeting. A resolution will be proposed to appoint auditors and to authorise the Board to fix their remuneration.

On behalf of the Board

**Cheung Hoo Win**

*Chief Executive Officer*

Hong Kong, 26 June 2013

# Corporate Governance Report

The Board of the Company is committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, sustainable business growth and enhancing shareholders' value.

The Company has adopted the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Listing Rules as its own code of corporate governance practices. The Company has complied with the applicable code provisions of the CG Code during FY2013, except for certain deviations as specified below.

## Board of Directors

The Board currently comprises five Executive Directors, namely Mr. Cheung Hoo Win (Chief Executive Officer), Mr. Ng Yiu Chuen, Ms. Mak Kit Ping, Ms. Zhang Yuyan and Ms. Chen Lili and four Independent Non-Executive Directors ("INEDs"), namely Mr. Zhao Qingji (Chairman), Mr. Yeung Shun Kee, Mr. Li Hancheng and Mr. Lo Tsz Fung Philip. The Directors believe that the composition of the Board has a balance of skills and experience that is appropriate for the requirements of the business of the Group.

As four of the nine Directors are INEDs, there is a strong independent element within the Board, which can effectively exercise independent judgement and monitor the corporate governance of the Group. All INEDs are appointed for a specific term of two years and each of them has made a confirmation on independency.

During FY2013, thirteen board meetings and two general meetings of the Company were held. Details of the Directors' attendance records during the year are as follows:

	Number of board meetings attended	Number of general meetings attended
<b>Executive Directors</b>		
Mr. Cheung Hoo Win (Chief Executive Officer) (note)	7/9	1/1
Mr. Ng Yiu Chuen	13/13	2/2
Ms. Mak Kit Ping	13/13	2/2
Ms. Zhang Yuyan	13/13	0/2
Ms. Chen Lili	11/13	0/2
<b>Independent Non-Executive Directors</b>		
Mr. Zhao Qingji (Chairman)	7/13	0/2
Mr. Yeung Shun Kee	9/13	2/2
Mr. Li Hancheng	10/13	0/2
Mr. Lo Tsz Fung Philip	13/13	2/2

Note: To avoid conflict of interest, Mr. Cheung Hoo Win did not attend four board meetings and a general meeting for the discussion and approval for the settlement proposal relating to the Judgement Debts.

# Corporate Governance Report

According to the code provision A.6.7 of the CG Code, INEDs should attend general meetings of the Company, and according to E.1.2, the Chairman of the Board should attend the annual general meeting of the Company. During FY2013, two INEDs, one of whom is the Chairman of the Company, were unable to attend the two general meetings of the Company due to their other business commitments.

## Functions of Board

To avoid concentration of power in any one individual, a clear division of responsibilities between the Chairman and the Chief Executive Officer is crucial to the effective running of the Board and the day-to-day management of the Group's businesses. The positions of the Chairman and the Chief Executive Officer of the Company are held by two different Directors, namely Mr. Zhao Qingji and Mr. Cheung Hoo Win. Their roles and duties are segregated with a clear division of responsibilities.

The Board meets regularly to discuss the overall strategy as well as the operation and business performance of the Group, and to approve the Group's annual and interim results and other matters which need to be dealt with. The Board has delegated the day-to-day responsibilities to the management through the operation manuals which will be reviewed from time to time to ensure that they meet the business development requirements of the Group.

To ensure the Directors' contribution to the Board remains informed and relevant, all Directors had participated in continuous professional development activities that are relevant to their performance of duties as Directors. According to the training records provided by the Directors, Mr. Zhao Qingji, Mr. Ng Yiu Chuen, Ms. Mak Kit Ping, Ms. Zhang Yuyan, Ms. Chen Lili and Mr. Lo Tsz Fung Philip had also attended training courses, seminars or conferences to develop and refresh their knowledge and skills. In FY2013, relevant materials on legislative and regulatory updates were circulated to all Directors for them to keep updates on any changes in regulations. In addition, the Group has in place a continued learning sponsorship scheme to sponsor the continuous professional development of members of the Group, including Directors.

The Board is also responsible for performing the corporate governance duties as required under the CG Code. The major roles and functions of the Board in respect of the corporate governance are:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

# Corporate Governance Report

- to develop, review and monitor the code of conduct applicable to employees and Directors; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

In FY2013 and up to the date of this report, the Board has performed the corporate governance duties in accordance with its terms of reference.

## Board Committees

### Audit Committee

The Company has an Audit Committee comprising all INEDs. The principal duties of the Audit Committee are to review the Group's interim and annual reports, internal controls and make recommendations to the Board. The detailed terms of reference of the Audit Committee are available for inspection on the websites of the Company and the Stock Exchange respectively.

Four Audit Committee meetings were held in FY2013. The attendance of each member of the Audit Committee is set out as follows:

Members of Audit Committee	Number of Audit Committee meetings attended
Mr. Lo Tsz Fung Philip (Chairman)	4/4
Mr. Zhao Qingji	1/4
Mr. Yeung Shun Kee	3/4
Mr. Li Hancheng	4/4

The Audit Committee had performed the following work in FY2013:

- reviewed and approved the audit scope and fees proposed by the external auditor for the annual audit for the year ended 31 March 2012;
- discussed with the external auditor any major audit issues of the Group;
- reviewed the change in accounting standards and assessment of potential impacts on the Group's consolidated financial statements;
- reviewed and recommended for the Board's approval of the consolidated financial statements and the related draft results announcement for the year ended 31 March 2012 and reviewed the audit committee report from the external auditor;

# Corporate Governance Report

- (v) reviewed and recommended for the Board's approval of the consolidated financial statements and the related draft results announcement for the six months ended 30 September 2012;
- (vi) discussed the re-appointment of and reviewed the audit fee payable to the external auditor for the year ended 31 March 2013;
- (vii) approved the appointment of the compliance adviser;
- (viii) reviewed the effectiveness of the system of internal controls of the Group;
- (ix) reviewed the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget; and
- (x) reviewed the whistleblowing policy whereby employees of the Group can raise concerns about the possible improprieties in financial reporting, internal control or other matters.

## Remuneration Committee

The Company has a Remuneration Committee comprising all INEDs. The Remuneration Committee's principal duties are to make recommendations to the Board on the remuneration policy and structure for Directors and senior management and to ensure that they are fairly rewarded for their individual contribution to the Group's overall performance. It is also the Remuneration Committee's duty to determine the specific remuneration packages of Directors and senior management. The detailed terms of reference of the Remuneration Committee are available for inspection on the websites of the Company and the Stock Exchange respectively.

Two Remuneration Committee meetings were held in FY2013. The attendance of each member of the Remuneration Committee is set out as follows:

Members of Remuneration Committee	Number of Remuneration Committee meetings attended
Mr. Yeung Shun Kee (Chairman)	2/2
Mr. Zhao Qingji	2/2
Mr. Li Hancheng	2/2
Mr. Lo Tsz Fung Philip	2/2

The Remuneration Committee had performed the following work in FY2013:

- (i) reviewed and approved the renewal of service agreements of INEDs; and
- (ii) reviewed and determined the increment in salary for Executive Directors and senior management effective from 1 April 2013.

# Corporate Governance Report

Pursuant to the code provision B.1.5 of the CG Code, details of the annual remuneration of the members of senior management by band for FY2013 is as follows:

	Number of senior management
HK\$400,000 to HK\$600,000	3
HK\$600,001 to HK\$800,000	2

## Nomination Committee

The Company has set up a Nomination Committee comprising all INEDs. The Nomination Committee shall make recommendations to the Board on all new appointments or re-appointments of Directors. The selection criteria are mainly based on the professional qualifications and work experience of the candidates. There are no fixed terms of services for Executive Directors while INEDs are engaged for a term of two years, subject to retirement by rotation and re-election in accordance with the provisions of the Bye-Laws of the Company. The detailed terms of reference of the Nomination Committee are available for inspection on the websites of the Company and the Stock Exchange respectively.

One Nomination Committee meeting was held in FY2013. The attendance of each member of the Nomination Committee is set out as follows:

Members of Nomination Committee	Number of Nomination Committee meeting attended
Mr. Li Hancheng (Chairman)	1/1
Mr. Zhao Qingji	0/1
Mr. Yeung Shun Kee	1/1
Mr. Lo Tsz Fung Philip	1/1

The Nomination Committee had performed the following work in FY2013:

- (i) reviewed the structure, size and composition of the Board to ensure they were suitable for the Group's corporate strategy and development; and
- (ii) reviewed and recommended for the Board's approval the proposed resolutions for re-election of the retiring Directors at the 2012 AGM.

# Corporate Governance Report

## Directors' Securities Transactions

The Board has adopted the Model Code as its own code for securities transactions by Directors. As advised by Mr. Lo Tsz Fung Philip ("Mr. Lo"), an INED of the Company, that he had dealt in the shares of the Company in FY2013 and notified the Chairman of the Company on a date which was later than that required by the Model Code.

To ensure that the Directors keep being familiar with the Model Code, it is the Company's practice to circulate the Model Code to the Directors for their perusal twice a year. The Company believes that Mr. Lo's failure to comply with the Model Code is an isolated case. Nevertheless, the Company has drawn the Directors' attention to the relevant code provisions one more time after the event to highlight the relevant requirement. Other members of the Board have confirmed, following specific enquiry by the Company that in FY2013, they have complied with the required standard as set out in the Model Code.

## Auditor's Remuneration

In FY2013, the remuneration paid or payable in respect of statutory audit services by the external auditor of the Company was approximately HK\$750,000, and the non-audit services was approximately HK\$20,000. The non-audit service fee was related to due diligence review services. According to the code provision E.1.2 of the CG Code, it would be the best practice for the external auditor to attend the annual general meeting of the Company. During FY2013, despite the external auditor of the Company was unable to attend the Annual General Meeting of the Company in person, with the mutual understanding between the Company and the external auditor, the external auditor was available to answer questions about the audit of FY2012 if needed.

The Company intends to invite the external auditor to attend the annual general meeting in person in the coming years so as to enhance the communication between the Company and the shareholders.

## Shareholders' Rights

### Convening a Special General Meeting of the Company by Shareholders

In accordance with the Company's Bye-Laws 62, as provided by the Companies Act, a special general meeting can be convened on the requisition of shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company. Such requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company.

# Corporate Governance Report

## Procedures for Sending Enquiries to the Board

Enquiries by shareholders to be put to the Board can be sent in writing to the Directors or Company Secretary at the principal place of business in Hong Kong. The shareholders may make any enquiry about the Company through the following hotlines:

Telephone: (852) 2959 7200  
Facsimile: (852) 2310 4824  
E-mail address: [shareholder@styland.com](mailto:shareholder@styland.com)

For share registration related matters such as share transfer and registration, change of name or address, loss of share certificates or dividend warrants, the Company's registered shareholders can contact Tricor Tengis Limited, the Company's branch share registrar in Hong Kong.

## Procedures for Making Proposals at Shareholders' Meetings

If a shareholder of the Company wishes to nominate a person to stand for election as a Director, the following documents must be validly sent to the Company's principal place of business in Hong Kong namely (i) his/her notice of intention to propose a resolution at the general meeting; and (ii) a notice executed by the nominated candidate of the candidate's willingness to be appointed. The period for lodgment of the notices of (i) and (ii) above will commence no earlier than the day after the despatch of the notice of the general meeting and end no later than seven days prior to the date of such meeting.

To put forward proposals other than the above at a general meeting, shareholders of the Company should submit a written notice of those proposals with their detailed contact information to the Company Secretary at the Company's principal place of business in Hong Kong. The notice period to be given to all the shareholders for consideration of the proposal raised by the shareholders concerned at general meetings varies according to the nature of the proposal.

## Shareholders and Investors Relations

The Board adopts an open and transparent communication policy and ensures that there is full disclosure to the public as a way to enhance corporate governance. The Board aims to provide the Company's shareholders and the public with the necessary information for them to form their own judgement on the Company. Corporate communication materials such as annual reports, interim reports and circulars are issued in printed form and are also available in electronic format on the websites of the Company, the Stock Exchange and [irasia.com](http://irasia.com). There was no significant change in the Company's constitutional documents for FY2013.



# Corporate Governance Report

## Accountability and Audit

### Financial Reporting

The Board acknowledges its responsibility for the preparation of the financial statements for each financial period, which shall give a true and fair view of the state of affairs of the Company. During FY2013, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue in business. Accordingly, the Board has prepared the financial statements of the Company on a going concern basis.

All of the Directors acknowledged their responsibility for preparing the financial statements of the Company for FY2013.

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 38 to 39 of this annual report.

The Company announces its interim and annual results as soon as reasonably practicable after the end of the relevant financial period and the financial year respectively pursuant to the requirements of the Listing Rules, disclosing all such information as would enable the Company's shareholders to assess the performance, financial position and prospects of the Group.

### Internal Controls Review

It is the Board's responsibility to ensure that the Company maintains sound and effective internal controls, whereby safeguarding its shareholders' investments and the Group's assets. In FY2013, the Board has conducted a review of the effectiveness of the Group's internal controls system and is of the view that the internal controls system of the Group has been effective without the occurrence of any significant failure.

The Board, through the Audit Committee, had reviewed the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

On behalf of the Board

**Ng Yiu Chuen**

*Executive Director*

Hong Kong, 26 June 2013

# Corporate Information

## Board of Directors

Mr. Cheung Hoo Win (Chairman)  
Mr. Ng Yiu Chuen  
Ms. Mak Kit Ping  
Ms. Zhang Yuyan  
Ms. Chen Lili

## Executive Directors

Mr. Cheung Hoo Win (Chief Executive Officer)  
Mr. Ng Yiu Chuen  
Ms. Mak Kit Ping  
Ms. Zhang Yuyan  
Ms. Chen Lili

## Independent Non-Executive Directors

Mr. Zhao Qingji (Chairman)  
Mr. Yeung Shun Kee  
Mr. Li Hancheng  
Mr. Lo Tsz Fung Philip

## Audit Committee

Mr. Lo Tsz Fung Philip (Chairman)  
Mr. Zhao Qingji  
Mr. Yeung Shun Kee  
Mr. Li Hancheng

Mr. Lo Tsz Fung Philip (Chairman)  
Mr. Zhao Qingji  
Mr. Yeung Shun Kee  
Mr. Li Hancheng

## Remuneration Committee

Mr. Yeung Shun Kee (Chairman)  
Mr. Zhao Qingji  
Mr. Li Hancheng  
Mr. Lo Tsz Fung Philip

Mr. Yeung Shun Kee (Chairman)  
Mr. Zhao Qingji  
Mr. Li Hancheng  
Mr. Lo Tsz Fung Philip

## Nomination Committee

Mr. Li Hancheng (Chairman)  
Mr. Zhao Qingji  
Mr. Yeung Shun Kee  
Mr. Lo Tsz Fung Philip

Mr. Li Hancheng (Chairman)  
Mr. Zhao Qingji  
Mr. Yeung Shun Kee  
Mr. Lo Tsz Fung Philip

## Company Secretary

Mr. Wang Chin Mong

Mr. Wang Chin Mong

## Auditor

## Legal Advisers

**As to Hong Kong Law**  
Michael Li & Co.  
D.S. Cheung & Co.  
Patrick Mak & Tse

**As to Bermuda Law**  
Appleby

**As to the PRC Law**  
Hills & Co.

UHY Vocation HK CPA Limited

## As to Hong Kong Law

Michael Li & Co.  
D.S. Cheung & Co.  
Patrick Mak & Tse

## As to Bermuda Law

Appleby

## As to the PRC Law

Hills & Co.

# Corporate Information

## Principal Bankers

Industrial and Commercial Bank of China (Asia) Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Nanyang Commercial Bank Limited  
Bank of China (Hong Kong) Limited  
Wing Hang Bank Limited  
Standard Chartered Bank  
DBS Bank (Hong Kong) Limited  
Chong Hing Bank Limited

## Principal Registrar

HSBC Securities Services (Bermuda) Limited  
6 Front Street  
Hamilton HM11  
Bermuda

## Hong Kong Branch Registrar

Tricor Tengis Limited  
26th Floor  
Tesbury Centre  
28 Queen's Road East  
Wanchai, Hong Kong

## Registered Office

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

## Principal Place of Business

28th Floor  
Aitken Vanson Centre  
61 Hoi Yuen Road  
Kwun Tong, Kowloon  
Hong Kong  
Telephone: (852) 2959-3123  
Facsimile: (852) 2310-4824  
E-mail address: sty@styland.com

## Shareholders' Service Hotline

Telephone: (852) 2959 7200  
Facsimile: (852) 2310 4824  
E-mail address: shareholder@styland.com

## Website

<http://www.styland.com>

## Investors' Website

<http://www.irasia.com/listco/hk/styland>

# Board of Directors

## **Mr. Cheung Hoo Win**

### **Chief Executive Officer and Executive Director**

Mr. Cheung, aged 33, joined the Group in 2004. He was appointed Executive Director in 2006 and Chief Executive Officer in 2009. Mr. Cheung graduated from Peking University (Department of International Economics and Trade). During his studies at Peking University, Mr. Cheung developed good business connections in the PRC. Previously, he worked for China Development Research Foundation, the subordinate unit of the Development Research Centre of the State Council, and was the vice-president of the Macau Energy Saving Association. Mr. Cheung is a member of the Hong Kong United Youth Association.

Mr. Cheung assists the Chairman of the Company in leading the Board and is responsible for the entire Group's business and development. He is also responsible for the Group's China related businesses as well as dealing with the Group's mainland customers which also have their operations in Hong Kong. Mr. Cheung is also one of the directors of the subsidiaries of the Company.

## **Mr. Ng Yiu Chuen**

### **Executive Director**

Mr. Ng, aged 54, joined the Group in November 2010 as Associate Director of a subsidiary. He was appointed Executive Director in December 2010. Mr. Ng obtained a bachelor's degree in Business Administration from City University of Hong Kong, and was elected as Associate of The Hong Kong Institute of Bankers in 2002.

Mr. Ng has over 33 years of experience in asset management and the financing business. Prior to joining the Group, he had, for more than 18 years, held senior executive management roles and was responsible for overseeing the finance division and managing the portfolios of liquid assets for various well known international companies including GE Capital (Hong Kong) Limited and American Express Bank Limited. Mr. Ng is mainly responsible for the money lending business of the Group. Mr. Ng is also one of the directors of the subsidiaries of the Company.

## **Ms. Mak Kit Ping**

### **Executive Director**

Ms. Mak, aged 47, joined the Group in April 2008. She was appointed Executive Director in February 2012. Ms. Mak is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Ms. Mak is licensed under the Securities and Futures Ordinance for Type 1 activity (dealing in securities) and Type 6 activity (advising on corporate finance), and is one of responsible officers of Ever-Long Securities Company Limited, a wholly-owned subsidiary of the Company. Ms. Mak has more than 20 years of experience in the securities business and is mainly responsible for the Group's brokerage business. Ms. Mak is also one of the directors of the subsidiaries of the Company.

# Board of Directors

## **Ms. Zhang Yuyan** **Executive Director**

Ms. Zhang, aged 51, was appointed Executive Director in 2006. Ms. Zhang graduated from Zhongnan University of Economics and Law (中南財經大學), formerly known as Hubei Economics College (湖北財經學院). Ms. Zhang has extensive experience in management and is familiar with Mainland China's economic, finance and taxation matters.

## **Ms. Chen Lili** **Executive Director**

Ms. Chen, aged 31, joined the Group as Executive Director in 2009. She graduated with a Bachelor of Electronics Science and Techniques degree from the School of Electronics Engineering and Computer Science at Peking University in 2004. Ms. Chen also obtained her Master of Computer Applied Technology degree from the Institute of Software at the Chinese Academy of Sciences in 2007. Ms. Chen is a senior associate in the Risk & Controls Solutions Department, PricewaterhouseCoopers Consultancy (Shenzhen) Limited, Beijing branch, where she led multiple teams to conduct audit and advisory work, including SOX and CSOX compliance auditing, risk management and internal control services for several large energy, insurance, banking and logistics companies. Ms. Chen has extensive experience in the areas of internal controls, risk management and corporate governance of companies.

## **Mr. Zhao Qingji** **Chairman and Independent Non-Executive Director**

Mr. Zhao, aged 40, was appointed Independent Non-Executive Director of the Company in April 2009. Subsequently, he was appointed Chairman in July 2009. Prior to joining the Group, Mr. Zhao was the chairman, chief executive officer and an executive director of China Properties Investment Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Zhao graduated from Peking University in 1998 with a bachelor's degree in Economics.

Mr. Zhao has extensive experience in mergers and acquisitions, corporate restructurings, investment management, finance and initial public offerings in the PRC. Previously, he held the position of vice president of Peking University Resource Group and was in charge of that company's property investment business and real estate development projects.

# Board of Directors

## **Mr. Yeung Shun Kee** **Independent Non-Executive Director**

Mr. Yeung, aged 54, was appointed Independent Non-Executive Director of the Company in 2003. He manages his own certified public accounting firm. Mr. Yeung has extensive experience in accounting, auditing and taxation works.

Mr. Yeung is a member of the Certified Public Accountants of Australia and a certified public accountant (practising) of the Hong Kong Institute of Certified Public Accountants.

## **Mr. Li Hancheng** **Independent Non-Executive Director**

Mr. Li, aged 50, was appointed Independent Non-Executive Director of the Company in 2008. He graduated from Southwest University of Political Science and Law in 1984. Mr. Li had previously worked at the Supreme People's Court of the People's Republic of China as senior judge. He possesses extensive experience and practice in law.

Mr. Li is a lawyer and the managing partner of the Beijing S&P Law Firm. He is also a member of China Maritime Law Association, Chinese Lawyers Association and Beijing Lawyers Association.

## **Mr. Lo Tsz Fung Philip** **Independent Non-Executive Director**

Mr. Lo, aged 46, was appointed Independent Non-Executive Director in April 2009. He graduated from the University of Wollongong, NSW Australia in 1992 with a Bachelor of Commerce degree. Mr. Lo is an independent non-executive director of QKL Stores, Inc., a company listed on NASDAQ (QKLS), and an independent director of Dragon Jade International Limited, a company listed on OTCBB in the United States.

Mr. Lo had several public service positions. He was a member of the standing committee of the Guangzhou District Committee of CPPCC and the vice president of the Council of Guangzhou Association of Enterprises with Foreign Investment.

He has extensive experience in the areas of corporate management, financial accounting and auditing. Mr. Lo is a member of the Certified Public Accountants of Australia and a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

# Senior Management

## **Mr. Ng Shun Fu**

### **Managing Director of Subsidiaries**

Mr. Ng, aged 65, joined the Group in 1996 as a director of Ever-Long Securities Company Limited, a wholly-owned subsidiary of the Group that engages in its core business of securities brokerage. He is also a director of certain subsidiaries of the Company. Prior to joining the Group, Mr. Ng worked in the banking sector for 25 years during which he held senior management positions. Mr. Ng has extensive experience in the securities business and is a responsible officer registered under the Securities and Futures Ordinance.

## **Mr. Choy Shuen Yan**

### **Director of Subsidiaries**

Mr. Choy, aged 51, was appointed a director of Ever-Long Securities Company Limited in 1998. He is a director of certain subsidiaries of the Company. Mr. Choy holds a Bachelor of Commerce degree from McMaster University of Ontario, Canada. Mr. Choy is a responsible officer registered under the Securities and Futures Ordinance and has more than 23 years of experience in the securities business.

## **Mr. Mak Chi Ho**

### **Associate Director**

Mr. Mak, aged 41, is an Associate Director of the Group. Mr. Mak holds a bachelor's degree in Accounting from the University of Southern California and a master's degree in Finance from the Curtin University of Technology. Mr. Mak is a responsible officer registered under the Securities and Futures Ordinance and has over 11 years of experience in securities analysis.

## **Ms. Hung Lai Kam Diana**

### **Associate Director**

Ms. Hung, aged 32, joined the Group as an Associate Director of a subsidiary in June 2010. Ms. Hung holds a bachelor's degree in International Economic and Trade from Peking University and a master's degree in Business Administration from The University of Iowa. Ms. Hung has extensive experience in management.

## **Mr. Wang Chin Mong**

### **Financial Controller and Company Secretary**

Mr. Wang, aged 41, is the Group's Financial Controller and the Company's Company Secretary. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

# Independent Auditor's Report



TO THE SHAREHOLDERS OF  
**STYLAND HOLDINGS LIMITED**  
*(incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of Styland Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 116, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and 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.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.



# Independent Auditor's Report

## Auditor's Responsibility *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

## Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Group as at 31 March 2013 and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**UHY Vocation HK CPA Limited**

*Certified Public Accountants*

**Pang Hon Chung, Auditor**

Practising Certificate Number P01431

Hong Kong, 26 June 2013

# Consolidated Statement of Comprehensive Income

for the year ended 31 March 2013

	Notes	2013 HK\$'000	2012 HK\$'000
<b>Turnover</b>	9	<b>148,121</b>	249,899
Revenue	9	<b>35,703</b>	42,600
Cost of sales	9	<b>(8,896)</b>	(18,031)
<b>Gross profit</b>	9	<b>26,807</b>	24,569
Other income	9	<b>37,994</b>	89,861
Administrative expenses		<b>(30,050)</b>	(29,424)
Selling and distribution expenses		<b>(2,124)</b>	(1,174)
Change in fair value of investment properties	18	<b>16,000</b>	1,500
Change in fair value of financial assets at fair value through profit or loss		<b>(5,988)</b>	(16,622)
(Loss)/gain on disposal of financial assets at fair value through profit or loss		<b>(300)</b>	4,159
Net fair value of derivative financial instrument	37	–	(1,935)
Impairment loss recognised in respect of promissory note receivable	20	–	(42,960)
Impairment loss recognised in respect of loan receivables	21	<b>(1,294)</b>	(11,041)
Reversal of impairment loss recognised in respect of loan receivables	21	<b>461</b>	253
Gratuity payments	36	–	(6,047)
Finance costs	10	<b>(1,306)</b>	(927)
<b>Profit before taxation</b>	11	<b>40,200</b>	10,212
Income tax expenses	12	–	–
<b>Profit and total comprehensive income for the year</b>		<b>40,200</b>	10,212
<b>Profit and total comprehensive income for the year attributable to the owners of the Company</b>		<b>40,200</b>	10,212
<b>Earnings per share</b>			
Basic and diluted	16	<b>HK1.08 cents</b>	HK0.37 cents

The notes on pages 46 to 116 are an integral part of these consolidated financial statements.

# Consolidated Statement of Financial Position

as at 31 March 2013

	Notes	2013 HK\$'000	2012 HK\$'000
<b>Non-current assets</b>			
Fixed assets	17	1,775	2,045
Investment properties	18	166,000	67,000
Loan receivables	21	24,915	11,316
Deposits paid for the redevelopment project		1,243	—
Available-for-sale investment	19	—	—
		<b>193,933</b>	80,361
<b>Current assets</b>			
Promissory note receivable	20	—	—
Loan receivables	21	94,514	39,864
Trade receivables	22	17,072	12,586
Other receivables, deposits and prepayments	23	3,713	3,146
Financial assets at fair value through profit or loss	24	38,249	38,460
Tax recoverable		859	859
Amounts due from former Directors	44	—	85,950
Client trust funds	25	57,167	82,875
Pledged bank deposits	26	6,225	6,211
Bank balances and cash	27	96,211	70,195
		<b>314,010</b>	340,146
<b>Current liabilities</b>			
Trade payables	28	63,391	89,027
Other payables and accruals	29	4,673	4,377
Loan from a shareholder	30	—	10,000
Bank borrowings	31	88,368	5,700
Obligation under finance lease — due within one year	32	7	92
		<b>156,439</b>	109,196
<b>Net current assets</b>		<b>157,571</b>	230,950
<b>Total assets less current liabilities</b>		<b>351,504</b>	311,311
<b>Non-current liability</b>			
Obligation under finance lease — due after one year	32	—	7
<b>Net assets</b>		<b>351,504</b>	311,304

# Consolidated Statement of Financial Position

as at 31 March 2013

	Notes	2013 HK\$'000	2012 HK\$'000
<b>Capital and reserves</b>			
Share capital	33	<b>37,098</b>	37,098
Reserves		<b>314,406</b>	274,206
<b>Equity attributable to the owners of the Company and total equity</b>		<b>351,504</b>	311,304

Approved and authorised for issue by the Board of Directors on 26 June 2013:

**Ng Yiu Chuen**  
*Executive Director*

**Mak Kit Ping**  
*Executive Director*

The notes on pages 46 to 116 are an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

for the year ended 31 March 2013

	Attributable to the owners of the Company							Total HK\$'000
	Share capital	Share premium	Capital redemption reserve	Special capital reserve	Contributed surplus	Other reserves	Accumulated losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2011	18,712	35,831	6,040	571,147	596,954	–	(958,334)	270,350
Total comprehensive income for the year	–	–	–	–	–	–	10,212	10,212
Issue of scrip shares (a)	4,554	2,510	–	–	(7,064)	–	–	–
Issue of bonus shares (a)	4,678	(4,678)	–	–	–	–	–	–
Convertible bonds — equity component	–	–	–	–	–	2,267	–	2,267
Exercise of subscription rights for gratuity	1,154	4,893	–	–	–	–	–	6,047
Conversion of convertible bonds	3,800	6,080	–	–	–	(2,267)	–	7,613
Exercise of share options	3,700	7,115	–	–	–	–	–	10,815
Issue of subscription shares	500	3,500	–	–	–	–	–	4,000
At 31 March 2012 and 1 April 2012	37,098	55,251	6,040	571,147	589,890	–	(948,122)	311,304
Total comprehensive income for the year	–	–	–	–	–	–	40,200	40,200
At 31 March 2013	37,098	55,251	6,040	571,147	589,890	–	(907,922)	351,504

(a) Details of the issue of scrip shares and bonus shares are set out in note 33.

The notes on pages 46 to 116 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

for the year ended 31 March 2013

	2013 HK\$'000	2012 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	40,200	10,212
Adjustments for:		
Depreciation	570	719
Finance costs	1,306	927
Interest income	(520)	(2,903)
Loss on disposal of fixed assets	7	293
Net fair value of derivative financial instrument	–	1,935
Change in fair value of financial assets at fair value through profit or loss	5,988	16,622
Change in fair value of investment properties	(16,000)	(1,500)
Other income — settlement of Judgement Debts	(36,667)	(85,950)
Impairment loss recognised in respect of other receivables	621	33
Impairment loss recognised in respect of loan receivables	1,294	11,041
Reversal of impairment loss recognised in respect of trade receivables	(29)	(92)
Reversal of impairment loss recognised in respect of loan receivables	(461)	(253)
Impairment loss recognised in respect of promissory note receivable	–	42,960
Gratuity fee	–	6,047
Operating cash flows before movements in working capital	(3,691)	91
Decrease in inventories	–	1,611
Increase in trade receivables	(4,457)	(3,202)
Increase in loan receivables	(69,082)	(28,890)
(Increase)/decrease in other receivables, deposits, and prepayments	(1,185)	2,446
Repayment of Judgement Debts	30,000	–
Increase in financial assets at fair value through profit or loss	(5,777)	(20,331)
Decrease in client trust funds	25,708	51,941
Decrease in trade payables	(25,636)	(59,705)
Decrease in other payables and accruals	(401)	(4,262)
Cash used in operations	(54,521)	(60,301)
Hong Kong Profits Tax paid	–	(663)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(54,521)</b>	<b>(60,964)</b>

The notes on pages 46 to 116 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

for the year ended 31 March 2013

	2013 HK\$'000	2012 HK\$'000
<b>INVESTING ACTIVITIES</b>		
Increase in cash and cash equivalents balance from the Transfer of Full Bright	311	–
Proceeds from promissory note	–	5,000
Interest received	520	235
Acquisition of fixed assets	(307)	(341)
Deposits paid for the redevelopment project	(1,243)	–
<b>NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES</b>	<b>(719)</b>	4,894
<b>FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	–	3,200
Proceeds from bank borrowings	174,000	–
Repayments of bank borrowings	(91,332)	(1,200)
Interest paid	(1,306)	(927)
Repayments of obligation under finance lease	(92)	(87)
Increase in pledged bank deposits	(14)	(1,211)
Proceed from the issue of convertible bonds	–	8,892
Proceed from the issue of share option	–	7,880
Advance from a shareholder	–	10,000
Dividend paid	–	(325)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>81,256</b>	26,222
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>26,016</b>	(29,848)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>70,195</b>	100,043
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		
Bank balances and cash	96,211	70,195

The notes on pages 46 to 116 are an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 1. General Information

Styland Holdings Limited (the “Company”) was incorporated in Bermuda on 31 July 1991 as an exempted company with limited liability under the Companies Act of Bermuda. The shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company are Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda and 28th Floor, Aitken Vanson Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong respectively.

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

The Company acts as an investment holding company. The principal activities of its subsidiaries (together with the Company collectively referred to as the “Group”) are set out in note 46.

These consolidated financial statements have been approved for issue by the Board of Directors on 26 June 2013.

## 2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”)

### New and revised standards, amendments and interpretations applied in the current year

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures — Transfers of Financial Assets
HKAS 12 Amendments	Amendments to HKAS 12 Income Taxes — Deferred Tax: Recovery of Underlying Assets

The adoption of the revised HKFRSs has had no significant financial impact on these financial statements.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 3. Issued But Not Yet Effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Amendments)	First time adoption — Government loans <sup>2</sup>
HKFRS 7 (Amendments)	Amendments to HKFRS 7 Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities <sup>2</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures <sup>4</sup>
HKFRS 10	Consolidated Financial Statements <sup>2</sup>
HKFRS 11	Joint Arrangements <sup>2</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>2</sup>
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — Transition Guidance <sup>2</sup>
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — Investment Entities <sup>2</sup>
HKFRS 13	Fair Value Measurement <sup>2</sup>
HKAS 1 (Amendments)	Amendments to HKAS 1 Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income <sup>1</sup>
HKAS 19 (2011)	Employee Benefits <sup>2</sup>
HKAS 27 (2011)	Separate Financial Statements <sup>2</sup>
HKAS 28 (2011)	Investments in Associates and Joint Ventures <sup>2</sup>
HKAS 32 (Amendments)	Amendments to HKAS 32 Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities <sup>3</sup>
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>2</sup>
Annual Improvements Project	Annual Improvements 2009–2011 Cycle <sup>2</sup>

The Group has not early adopted these new standards, amendments and interpretations to existing standards in the consolidated financial statements for the year ended 31 March 2013. The adoption of the above new standards, amendments and interpretations to existing standards in future periods is not expected to result in substantial changes to the Group's accounting policies.

In addition, the Hong Kong Institute of Certified Public Accountants ("HKICPA") also published a number of amendments to existing standards under its annual improvement project. These amendments are not expected to have a significant financial impact on the results of operations and financial position of the Group.

The Group will adopt the above new standards, amendments and interpretations when they become effective.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 3. Issued But Not Yet Effective HKFRSs *(Continued)*

- <sup>1</sup> Effective for annual periods beginning on or after 1 July 2012
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2013
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2014
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2015

## 4. Significant Accounting Policies

### Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments and investment properties, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below:

### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from the settlement of monetary items, and from the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 4. Significant Accounting Policies *(Continued)*

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

### **Changes in the Group's ownership interests in existing subsidiaries**

Increase in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

### **Investments in subsidiaries**

Investment in a subsidiary is stated at cost less any identified impairment loss on the statement of financial position of the Company.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 4. Significant Accounting Policies (Continued)

### Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts. Revenue is recognised in the consolidated statement of comprehensive income on the following basis:

- (a) revenue from sales of goods is recognised when the goods are delivered and title has passed;
- (b) revenue from trading of securities and securities dealing is recognised on the trade date basis;
- (c) commission and brokerage income from securities dealing is recognised on the trade date basis when relevant services are provided;
- (d) interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition;
- (e) dividend income from investments is recognised when the shareholders' rights to receive payment have been established; and
- (f) consultancy, financing advisory and placing service income are recognised when services are provided.

### Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

### Employee benefits

#### (a) Retirement benefits scheme

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") are charged as expense when employees have rendered service entitling them to the contributions.

#### (b) Long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance ("Employment Ordinance") in the event of the termination of their employment under the circumstances specified in the Employment Ordinance. A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the end of the reporting period.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 4. Significant Accounting Policies (Continued)

### Fixed assets

Fixed assets held for use in the production or supply of services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of fixed assets less their residual values over their estimated useful lives, using the reducing balance method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Fixed assets are depreciated on a reducing balance method at the following rates per annum:

Leasehold improvements	Over the shorter of the term of lease, or 25%
Furniture, fixtures and equipment	15%
Motor vehicles	20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of fixed assets is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 4. Significant Accounting Policies *(Continued)*

### **Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of comprehensive income.

### **Financial assets**

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in other revenue.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 4. Significant Accounting Policies *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

#### **Financial assets at fair value through profit or loss ("FVTPL")**

Financial assets at FVTPL are mainly financial assets that are held for trading on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan receivables, trade receivables, other receivables and deposits, client trust funds, pledged bank deposits, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss of financial assets below).

#### **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determined payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group designated that the promissory note receivable as a held-to-maturity investment. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss of financial assets below).

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 4. Significant Accounting Policies *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

##### **Available-for-sale investments**

Available-for-sale investments are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables and held-to-maturity investments.

Available-for-sale investments are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss of financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy on impairment loss of financial assets below).

##### **Impairment loss of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 4. Significant Accounting Policies *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

##### **Impairment loss of financial assets** *(Continued)*

For certain categories of financial assets, such as loan receivables, trade receivable and other receivables and deposits, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of promissory note receivable, loan receivables, trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a promissory note receivable, trade receivable, loan receivable and other receivable are considered uncollectible, they are written-off against the respective allowance accounts. Subsequent recoveries of amounts previously written-off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

##### **Financial liabilities and equity**

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into other financial liabilities.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 4. Significant Accounting Policies *(Continued)*

### **Financial instruments** *(Continued)*

#### **Financial liabilities and equity** *(Continued)*

##### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, the shorter period.

Interest expense is recognised on an effective interest basis.

##### **Other financial liabilities**

Other financial liabilities including trade payables, other payables and accruals, bank borrowings and obligation under finance lease are subsequently measured at amortised cost, using the effective interest rate method.

##### **Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

##### **Convertible bonds**

The Group's convertible bonds issued with embedded derivative features are split into liability and derivative components. The initial carrying amount of the liability component is the residual amount after separating the embedded derivative. The liability component is subsequently measured at amortised cost, using the effective interest method. The derivative component is recognised as shareholders' equity and will not be revalued in subsequent years. The remainder of the convertible bonds is recorded as the liability component and is carried at amortised cost until extinguished on conversion or redemption.

##### **Derivative financial instrument**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 4. Significant Accounting Policies *(Continued)*

### Financial instruments *(Continued)*

#### **Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 4. Significant Accounting Policies *(Continued)*

### **Taxation** *(Continued)*

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

### **Cash and cash equivalents**

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

### **Impairment losses on tangible assets**

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### **The Group as lessee**

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 4. Significant Accounting Policies *(Continued)*

### **The Group as lessee** *(Continued)*

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating leases payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

### **Related parties**

(a) 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 or the parent of the Group.

(b) 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 (a).
- (vii) A person identified in (a)(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).

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.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 4. Significant Accounting Policies *(Continued)*

### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

## 5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 4, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors of the Company have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

### Result of Petition of the Group

Notes 9 and 44 describes the result of the Petition in which the Group has recognised other income amounting to HK\$36,667,000 (2012: HK\$85,950,000) for the Judgement Debts receivable from the two former Directors of the Company. The interest component has not been fully recognised by the Group for the years ended 31 March 2013 and 2012.

In making this judgement for the year ended 31 March 2012, the Group has considered and evaluated, among other factors, the uncertainty of the recoverability of the interest receivable and the reliability of the measurement of the estimated interest accrued.

In making this judgement for the year ended 31 March 2013, the Group has considered and evaluated, among other factors, the uncertainty of the recoverability of the interest receivable and the exceptional nature of the event.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

### **Result of Petition of the Group** *(Continued)*

The Directors of the Company are in the opinion that recognising the other income-interest component primarily in accordance with the terms as agreed between the Company and the two former Directors of the Company would be the most suitable considering the exceptional nature of event and would provide financial users a true and fair view.

As at 31 March 2013, an amount of approximately HK\$71,304,000, representing the remaining interest receivable of the Judgement Debts, has not yet been recognized by the Group based on the Directors' judgement after considering the uncertainty of the recoverability of the interest receivable and the exceptional nature of the event.

### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **Estimated useful lives of fixed assets**

The Group's carrying values of fixed assets as at 31 March 2013 was approximately HK\$1,775,000 (2012: HK\$2,045,000). The Group depreciates the fixed assets over the estimated useful lives, using the reducing balance method, at the rate of 15–25% per annum, commencing from the date the fixed assets is placed into productive use. The estimated useful life reflects the Directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's fixed assets. The Group assesses annually the useful lives of fixed assets and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be charged in the future period.

### **Estimated impairment loss recognised in respect of trade receivables, loan receivables, other receivables and prepayments and promissory note receivable**

Management regularly reviews and judges the recoverability and/or age of receivables. Appropriate impairment for estimated irrecoverable amounts are recognised in the consolidated statement of comprehensive income when there is objective evidence that the asset is impaired.

In determining whether an impairment on receivables is required, the Group takes into consideration the current creditworthiness, the past collection history, age status and likelihood of collection. Specific allowance is only made for receivables that are unlikely to be collected and is recognized on the difference between the estimated future cash flow expected to receive discounts using the original effective interest rate and its carrying value. If the financial conditions of customers of the Group were to deteriorate, resulting in impairment of their ability to make payments, additional impairment may be required.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

### **Estimated impairment loss recognised in respect of trade receivables, loan receivables, other receivables and prepayments and promissory note receivable** *(Continued)*

As at 31 March 2013, the carrying amount of trade receivables is approximately HK\$17,072,000 (net of accumulated impairment loss of approximately HK\$327,000) (2012: HK\$12,586,000 (net of accumulated impairment loss of approximately HK\$356,000)); the carrying amount of loan receivables is approximately HK\$119,429,000 (net of accumulated impairment loss of approximately HK\$24,235,000) (2012: HK\$51,180,000 (net of accumulated impairment loss of approximately HK\$23,402,000)); the carrying amount of promissory note receivable is HK\$nil (net of accumulated impairment loss of approximately HK\$42,960,000) (2012: HK\$nil (net of accumulated impairment loss of HK\$42,960,000)).

### **Fair value of investment properties**

Investment properties are carried in the consolidated statement of financial position as at 31 March 2013 at the fair value of approximately HK\$166,000,000 (2012: HK\$67,000,000). The fair value was based on valuation on the properties conducted by an independent firm of professional valuer using open market value by reference to comparable market transactions which involve certain assumptions of market conditions. Favorable or unfavorable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of comprehensive income.

### **Fair value of share option and gratuity**

For the year ended 31 March 2012, share option and gratuity are carried at the fair value of approximately HK\$1,935,000, and HK\$6,047,000 respectively on the issue date. The fair value was based on valuation conducted by an independent firm of professional valuer. Favorable or unfavorable changes to these assumptions would result in changes in the fair value of the share option and gratuity on the issue date and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of comprehensive income.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 6. Capital Risk Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries which engage in securities dealing and broking service, corporate finance and advisory service are the regulated entities under the Hong Kong Securities and Futures Ordinance and are subject to the respective minimum capital requirements. During the two years, the subsidiaries complied with respective minimum capital requirements. No changes were made in the objective, policies or processes for managing capital during the years ended 31 March 2013 and 2012.

The capital structure of the Group consists of debts (which included the bank borrowings as disclosed in note 31 and obligation under finance lease as disclosed in note 32), cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors of the Company review the capital structure on an annual basis. As part of this review, the Directors of the Company consider the cost of capital and risks associated with each class of capital and will balance its overall capital structure through the raise of bank borrowings, payment of dividends and issue of convertible bonds, share options and new shares. There is no change in the capital risk management policy adopted by the Company during the two years ended 31 March 2013 and 2012.

## 7. Financial Risk Management

### Categories of financial instruments

	2013 HK\$'000	2012 HK\$'000
<b>Financial assets</b>		
Financial assets at fair value through profit or loss		
— held for trading investments	38,249	38,460
Loans and receivables		
— loan receivables	119,429	51,180
— trade receivables	17,072	12,586
— other receivables and deposits	2,884	2,443
— client trust funds	57,167	82,875
— pledged bank deposits	6,225	6,211
— bank balances and cash	96,211	70,195
	<b>337,237</b>	263,950

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 7. Financial Risk Management *(Continued)*

### Categories of financial instruments *(Continued)*

	2013 HK\$'000	2012 HK\$'000
<b>Financial liabilities</b>		
Other financial liabilities at amortised cost		
— trade payables	63,391	89,027
— other payables and accruals	4,673	4,377
— bank borrowings	88,368	5,700
— obligation under finance lease	7	99
	<b>156,439</b>	<b>99,203</b>

### Financial risk management objectives and policies

The Group's financial instruments include financial assets at fair value through profit or loss, loan receivables, trade receivables, other receivables and deposits, client trust funds, pledged bank deposits, bank balances and cash, promissory note receivable, available-for-sale investments, trade payables, other payables and accruals, bank borrowings and obligation under finance lease. Details of the financial instruments are disclosed in the relevant notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### (a) **Market risk**

##### (i) **Currency risk**

The Group's business activities and its assets and liabilities were mainly denominated in HK\$, Renminbi ("RMB") and United States dollars ("US\$"). The management considers the Group does not expose to significant foreign currency risk as majority of its operations and transaction are denominated in the functional currency of the Group. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 7. Financial Risk Management *(Continued)*

### Financial risk management objectives and policies *(Continued)*

#### (a) Market risk *(Continued)*

##### (i) Currency risk *(Continued)*

US\$ is not the functional currency of the Group. However, given that HK\$ is pegged to US\$, the Group does not expect any significant movements in the US\$/HK\$ exchange rates. In the opinion of Directors of the Company, the foreign currency sensitivity does not give additional value in view of insignificant movement in the US\$/HK\$ exchange rates and insignificant exposure of other foreign currencies in relation to bank balances (see note 27) at the end of the reporting period, except for RMB. Accordingly, the foreign currency sensitivity disclosed includes the analysis for RMB only.

The sensitivity analysis has been determined based on 5% (2012: 5%) increase and decrease in RMB against HK\$. For a 5% (2012: 5%) weakening of RMB against HK\$, there would be a decrease in post-tax profit by HK\$58,000 (2012: HK\$62,000). For a 5% (2012: 5%) strengthening of RMB against HK\$, there would be an equal and opposite impact on the profit.

##### (ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the promissory note receivable, the fixed-rate pledged bank deposits and obligation under finance lease (see notes 20, 26 and 32 respectively for details).

The Group is also exposed to cash flow interest rate risk in relation to loan receivables, client trust funds, bank balances, trade payables and bank borrowings (see notes 21, 25, 27, 28 and 31 respectively for details). The interest rate risk is managed by the Directors of the Company on an ongoing basis with the primary objective of limiting extent to which interest expense could be affected by adverse movement in interest rates.

The sensitivity analysis below has been determined based on the exposure to interest rates for loan receivables, client trust funds, bank balances, trade payables and bank borrowings at the end of reporting period. The analysis is prepared assuming financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 100 (2012: 100) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 (2012:100) basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2013 would increase/decrease by HK\$1,212,000 (2012:HK\$1,098,000).

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 7. Financial Risk Management *(Continued)*

### Financial risk management objectives and policies *(Continued)*

#### (a) **Market risk** *(Continued)*

##### (iii) **Other price risk**

Other price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group is exposed to equity price risk arising from individual equity investment classified as FVTPL (note 24) as at 31 March 2013. The Group's listed investments are listed on the Stock Exchange and Ho Chi Minh Stock Exchange (only as at 31 March 2012) and are valued at quoted market prices at the reporting date. In addition, the Group monitors the price risk exposure and will consider hedging the risk exposure should the need arise.

The sensitivity analyses below have been determined based on the Group's exposure to equity price risks at the reporting date.

If the price of the respective equity instruments classified as FVTPL had been 5% (2012: 5%) higher/lower, the post-tax profit for the year ended 31 March 2013 would increase/decrease by approximately HK\$1,597,000 (2012: HK1,606,000) for the Group, as a result of the changes in fair value of financial assets classified as FVTPL.

#### (b) **Credit risk**

As at 31 March 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 7. Financial Risk Management *(Continued)*

### Financial risk management objectives and policies *(Continued)*

#### **(b) Credit risk** *(Continued)*

For the securities dealing, broking and financial business, loan will be granted based on assessment on financial status, repayment records and the liquidity of collaterals placed by a customer and the interest rate will be determined thereon. The Group's loans to customers arising from the business of securities dealings are secured by the underlying pledged securities. Loan will be repayable on demand once a customer fails to repay any deposit, margin or other sum payable to the Group.

The account executives of the Group are responsible for making margins calls to customers whose trade exceed their respective limits. The deficiency report will be monitored daily by the Group's Director and responsible officers.

The Group has concentration of credit risk as 35% (2012: 41%) and 67% (2012: 73%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 100% (2012: 100%) of the total trade receivables as at 31 March 2013.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings and trade receivables, the Group has no significant concentration of credit risk on loan receivables and other receivables, with exposure spread over a number of counterparties.

#### **(c) Liquidity risk**

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate banking facilities from major financial institutions to meet its liquidity requirements in the short and long term.

The bank borrowings, amounted to approximately HK\$84,779,000 (2012: HK\$4,500,000) with a contractual repayment terms maturing in twenty years (2012: five years) were classified as current liabilities as at 31 March 2013. Due to the inclusion of a repayment on demand clause in the respective facilities agreement such loans are classified as current liabilities regardless of the original repayment term nor in the absence of any events of default.

In respect of the Group's securities dealing and broking services business, it is subject to various statutory liquidity requirements as prescribed by the Securities and Futures Ordinance. The Group has put in place monitoring system to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the relevant Financial Resources Rules.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 7. Financial Risk Management *(Continued)*

### Financial risk management objectives and policies *(Continued)*

#### (c) *Liquidity risk (Continued)*

##### Liquidity tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities as at 31 March 2013 and 2012. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

#### As at 31 March 2013

	Interest Rate	On demand/ within one year HK\$'000	One year to two years HK\$'000	Over two years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Carrying Amount HK\$'000
Trade payables	-	63,391	-	-	63,391	63,391
Other payables and accruals	-	4,673	-	-	4,673	4,673
Bank borrowings*	2.4%	88,368	-	-	88,368	88,368
Obligation under finance lease	5.28%	8	-	-	8	7
		156,440	-	-	156,440	156,439

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 7. Financial Risk Management (Continued)

### Financial risk management objectives and policies (Continued)

#### (c) Liquidity risk (Continued)

As at 31 March 2012

	Interest Rate	On demand/ within one year HK\$'000	One year to two years HK\$'000	Over two years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Carrying Amount HK\$'000
Trade payables	–	89,027	–	–	89,027	89,027
Other payables and accruals	–	4,377	–	–	4,377	4,377
Bank borrowings*	2.25%	5,700	–	–	5,700	5,700
Obligation under finance lease	5.28%	94	7	–	101	99
		99,198	7	–	99,205	99,203

\* The loan agreements contain a repayment on-demand clause giving the lenders unconditional right to call in the loan at any time and therefore, for the purpose of the above maturity analysis, the total amounts are classified as "on demand".

### Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; and
- The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions as input.

The Directors of the Company consider that the other carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to short-term or immediate maturities.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

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## 7. Financial Risk Management *(Continued)*

### Fair value *(Continued)*

#### **Fair value measurements recognised in the consolidated statement of financial position**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### **As at 31 March 2013**

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Non-derivative financial assets held for trading	38,249	–	–	38,249

#### **As at 31 March 2012**

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Non-derivative financial assets held for trading	38,460	–	–	38,460

There were no transfers between Level 1 and 2 in both years.



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## 8. Segment Information

Information reported to the Board of Directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. To facilitate the performance assessment, the revenue and result, assets and liabilities of the commission income, loan interest income arose from the other financing were classified to the securities dealing, broking and other financing segment during the year under review. The segment information for the corresponding period in 2012 was restated to conform to such reclassifications. The Group's reportable segments under HKFRS 8 are as follows:

- the securities dealing, broking and other financing segment provides securities broking, margin and corporate finance and other financing;
- the mortgage financing segment mainly engages in corporate and personal loans that are secured by real properties;
- the property development and investment segment engages in property redevelopment and letting of property;
- the general trading segment mainly engages in the trading of frozen foods;
- the trading of securities segment engages in dealing with listed securities; and
- the strategic investments segment engages in investments for an identified long-term purpose.

# Notes to the Consolidated Financial Statements

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(All amounts in Hong Kong dollars unless otherwise stated)

## 8. Segment Information *(Continued)*

### Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segments.

#### For the year ended 31 March 2013

	Securities dealing, broking and other financing HK\$'000	Mortgage financing HK\$'000	Property development and investment HK\$'000	General trading HK\$'000	Trading of securities HK\$'000	Strategic investments HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment revenues:								
External sales	13,523	14,276	845	6,477	582	-	-	35,703
Inter-segment sales	1,134	-	-	-	-	-	(1,134)	-
	14,657	14,276	845	6,477	582	-	(1,134)	35,703
Segment profit/(loss) after inter-segment transaction	1,281	8,917	16,485	46	(6,827)	(24)	-	19,878
Unallocated income and expenses								20,322
Profit before taxation								40,200

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## 8. Segment Information (Continued)

### Segment revenues and results (Continued)

The following is an analysis of the Group's revenues and results by reportable segments.

(Continued)

For the year ended 31 March 2012

	Securities dealing, broking and other financing HK\$'000	Mortgage financing HK\$'000	Property development and investment HK\$'000	General trading HK\$'000	Trading of securities HK\$'000	Strategic investments HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment revenues:								
External sales	19,306	7,425	-	15,383	486	-	-	42,600
Inter-segment sales	1,683	-	-	-	-	-	(1,683)	-
	<u>20,989</u>	<u>7,425</u>	<u>-</u>	<u>15,383</u>	<u>486</u>	<u>-</u>	<u>(1,683)</u>	<u>42,600</u>
Segment (loss)/profit after inter-segment transaction	(3,407)	4,714	887	597	(13,671)	(40,330)	-	(51,210)
Unallocated income and expenses								<u>61,422</u>
Profit before taxation								<u>10,212</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administrative costs, Directors' salaries, bank interest income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Inter-segment sales are charged at prevailing market rates.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 8. Segment Information (Continued)

### Segment assets and liabilities

The segment assets and liabilities as at 31 March 2013 by reportable segments are as follows:

	Securities dealing, broking and other financing HK\$'000	Mortgage financing HK\$'000	Property development and investment HK\$'000	General trading HK\$'000	Trading of securities HK\$'000	Strategic investments HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Segment assets	113,253	76,708	167,276	6,816	38,250	–	105,640	507,943
Segment liabilities	65,938	276	699	289	11	12	89,214	156,439

The segment assets and liabilities as at 31 March 2012 by reportable segments are as follows:

	Securities dealing, broking and other financing HK\$'000	Mortgage financing HK\$'000	Property development and investment HK\$'000	General trading HK\$'000	Trading of securities HK\$'000	Strategic investments HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Segment assets	102,703	39,416	67,085	5,258	39,907	–	166,138	420,507
Segment liabilities	91,268	10,172	1	350	5	12	7,395	109,203

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than tax recoverable, pledged bank deposits, bank balances and cash, unallocated fixed assets, and unallocated other receivables, deposits and prepayments; and
- all liabilities are allocated to reportable segments other than bank borrowings, obligation under finance lease, and unallocated other payables and accruals.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 8. Segment Information (Continued)

### Other segment information For the year ended 31 March 2013

	Securities dealing, broking and other financing HK\$'000	Mortgage financing HK\$'000	Property development and investment HK\$'000	General trading HK\$'000	Trading of securities HK\$'000	Strategic investments HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<u>Amounts included in the measurement of segment profit or loss or segment assets</u>								
Change in fair value of investment properties	-	-	16,000	-	-	-	-	16,000
Change in fair value of financial assets at fair value through profit or loss	-	-	-	-	(5,988)	-	-	(5,988)
Loss on disposal of financial assets at fair value through profit or loss	-	-	-	-	(300)	-	-	(300)
Impairment loss recognised in respect of other receivables	-	(340)	-	-	-	-	(281)	(621)
Reversal of impairment loss recognised in respect of trade receivables	-	-	-	29	-	-	-	29
Impairment loss recognised in respect of loan receivables	(334)	(960)	-	-	-	-	-	(1,294)
Reversal of impairment loss recognised in respect of loan receivables	-	461	-	-	-	-	-	461
Bad debt recovery for loan receivables	96	-	-	-	-	-	-	96
Bad debt written off	-	(44)	-	-	-	-	-	(44)
Depreciation	(223)	(12)	-	-	-	-	(335)	(570)
Loss on disposal of fixed assets	-	-	-	-	-	-	(7)	(7)
Additions to non-current assets (note)	180	105	84,243	-	-	-	22	84,550
<u>Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss or segment assets</u>								
Interest income	4	-	-	387	-	-	129	520
Finance costs	(4)	-	(60)	(1)	-	-	(1,241)	(1,306)
Income tax expenses	-	-	-	-	-	-	-	-

Note: The amounts exclude those additions to loan receivables and available-for-sale investment.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 8. Segment Information (Continued)

### Other segment information (Continued)

For the year ended 31 March 2012

	Securities dealing, broking and other financing HK\$'000	Mortgage financing HK\$'000	Property development and investment HK\$'000	General trading HK\$'000	Trading of securities HK\$'000	Strategic investments HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<u>Amounts included in the measurement of segment profit or loss or segment assets</u>								
Change in fair value of investment property	-	-	1,500	-	-	-	-	1,500
Change in fair value of financial assets at fair value through profit or loss	-	-	-	-	(16,622)	-	-	(16,622)
Gain on disposal of financial assets at fair value through profit or loss	-	-	-	-	4,159	-	-	4,159
Net fair value of derivative financial instrument	-	-	-	-	-	-	(1,935)	(1,935)
Impairment loss recognised in respect of other receivables	-	(33)	-	-	-	-	-	(33)
Reversal of impairment loss recognised in respect of trade receivables	-	-	-	92	-	-	-	92
Impairment loss recognised in respect of loan receivables	(10,539)	(502)	-	-	-	-	-	(11,041)
Reversal of impairment loss recognised in respect of loan receivables	12	241	-	-	-	-	-	253
Bad debt recovery for loan receivables	96	-	-	-	-	-	-	96
Depreciation	(301)	(4)	(1)	-	-	-	(413)	(719)
Loss on disposals of fixed assets	-	-	(289)	-	-	-	(4)	(293)
Additions to non-current assets (note)	309	6	-	-	-	-	26	341
<u>Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss or segment assets</u>								
Interest income	2	-	-	221	-	2,668	12	2,903
Finance costs	-	-	(144)	(2)	-	-	(781)	(927)
Income tax expenses	-	-	-	-	-	-	-	-

Note: The amounts exclude those additions to loan receivables and available-for-sale investment.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 8. Segment Information (Continued)

### Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2013 HK\$'000	2012 HK\$'000
Sales of frozen foods	6,477	15,383
Rental income	845	–
Commission and brokerage income from securities dealing	7,723	14,240
Interest income from margin and other financing	5,800	5,268
Interest income from mortgage financing	14,276	7,223
Dividend income	582	486
	<b>35,703</b>	42,600

### Geographical information

The Group's operations are located in Hong Kong (country of domicile).

The Group's revenue from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Hong Kong	<b>35,703</b>	42,600	<b>169,018</b>	69,045

Note: Non-current assets excluded loan receivables and available-for-sale investment.

### Information about major customers

During the year ended 31 March 2013, revenue from one customer of the Group's general trading segment amounting to approximately HK\$6,477,000 (2012: HK\$15,383,000) had individually accounted for over 10% of the Group's total revenue.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 9. Turnover, Revenue, Cost of Sales and Other Income

Turnover represents the amounts, received and receivable for goods sold and services provided, trading of securities, commission and brokerage income from securities dealing, interest income from mortgage, margin and other financing, dividend income and rental income are analysed as follows:

	2013 HK\$'000	2012 HK\$'000
Turnover comprises:		
Proceeds from investments held for trading	112,418	207,299
Sales of goods	6,477	15,383
Commission and brokerage income from securities dealing	7,723	14,240
Interest income from margin and other financing	5,800	5,268
Interest income from mortgage financing	14,276	7,223
Dividend income	582	486
Rental income	845	–
	<b>148,121</b>	249,899
Revenue comprises:		
Sales of goods	6,477	15,383
Commission and brokerage income from securities dealing	7,723	14,240
Interest income from margin and other financing	5,800	5,268
Interest income from mortgage financing	14,276	7,223
Dividend income	582	486
Rental income	845	–
	<b>35,703</b>	42,600
Cost of sales comprises:		
Cost of goods sold	6,318	15,001
Direct cost in respect of securities broking business	2,578	3,030
	<b>8,896</b>	18,031
Gross profit comprises:		
Sales of goods	159	382
Commission and brokerage income from securities dealing	5,145	11,210
Interest income from mortgage financing	14,276	7,223
Interest income from margin and other financing	5,800	5,268
Dividend income	582	486
Rental income	845	–
	<b>26,807</b>	24,569
Other income comprises:		
Interest income	520	235
Interest income on promissory note receivable	–	2,668
Reversal of impairment loss recognised in respect of trade receivables	29	92
Bad debt recovery from loan receivables	96	96
Settlement of judgement debts		
— Principals	–	85,950
— Interest component	36,667	–
Sundry income	682	820
	<b>37,994</b>	89,861



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 10. Finance Costs

	2013 HK\$'000	2012 HK\$'000
Interest on:		
— bank borrowings wholly repayable within five years	1,303	146
— obligation under finance lease	3	7
— cancellation of shares subscriptions	—	774
	<b>1,306</b>	927

## 11. Profit Before Taxation

Profit before taxation has been arrived at after charging:

	2013 HK\$'000	2012 HK\$'000
Staff costs (including Directors' remuneration):		
— Salaries, allowances and other benefits	15,772	15,000
— Retirement benefit scheme contributions	548	534
	<b>16,320</b>	15,534
Auditor's remuneration	750	735
Depreciation	570	719
Loss on disposals of fixed assets	7	293
Lease payments under operating leases for rented premises	1,992	1,818
Impairment loss recognised in respect of other receivables	621	33
Impairment loss recognised in respect of loan receivables	1,294	11,041
Cost of inventories recognised as an expense	6,318	14,884

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 12. Income Tax Expenses

No provision for Hong Kong profits tax has been made in the consolidated financial statements for the years ended 31 March 2013 and 2012 as the Company and its subsidiaries either has available losses brought forward from prior years to offset the assessable profits generated during both years or did not generate any assessable profits arising in Hong Kong during both years.

The income tax expenses for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive incomes as follows:

	2013 HK\$'000	2012 HK\$'000
Profit before taxation	40,200	10,212
Tax at domestic income tax rate of 16.5%	6,633	1,685
Tax effect of expenses not deductible for tax purpose	419	7,672
Tax effect of income not taxable for tax purpose	(8,805)	(14,739)
Tax effect of temporary differences not recognised	(415)	(234)
Tax effect of tax losses not recognised	3,023	6,092
Utilisation of tax loss previously not recognised	(855)	(476)
Income tax expenses for the year	–	–

As at 31 March 2013, the Group has unused tax losses of approximately HK\$226,064,000 (2012: HK\$212,919,000) available for offset against future profits. No deferred tax asset has been recognised of such losses due to the unpredictability of future profit streams for certain of subsidiaries. The tax losses may be carried forward indefinitely.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 13. Directors' Remuneration

The remuneration paid or payable to each of nine (2012: ten) Directors were as follows:

Name of Director	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement	Total HK\$'000
			benefit scheme contributions HK\$'000	
<b>For the year ended 31 March 2013</b>				
<i>Executive Directors</i>				
Cheung Hoo Win	–	513	15	528
Ng Yiu Chuen	–	819	15	834
Zhang Yuyan	–	150	–	150
Chen Lili	–	120	–	120
Mak Kit Ping	–	630	27	657
<i>Independent Non-Executive Directors</i>				
Yeung Shun Kee	80	–	–	80
Li Hancheng	100	–	–	100
Lo Tsz Fung Philip	80	–	–	80
Zhao Qingji	200	–	–	200
	<b>460</b>	<b>2,232</b>	<b>57</b>	<b>2,749</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 13. Directors' Remuneration (Continued)

Name of Director	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
For the year ended 31 March 2012				
<i>Executive Directors</i>				
Cheung Hoo Win	–	513	12	525
Ho Mei Sheung (note a)	–	323	7	330
Ng Yiu Chuen	–	718	12	730
Zhang Yuyan	–	150	–	150
Chen Lili	–	120	–	120
Mak Kit Ping (note b)	–	68	3	71
<i>Independent Non-Executive Directors</i>				
Yeung Shun Kee	80	–	–	80
Li Hancheng	100	–	–	100
Lo Tsz Fung Philip	80	–	–	80
Zhao Qingji	200	–	–	200
	460	1,892	34	2,386

Notes:

(a) Retired on 15 February 2012

(b) Appointed on 15 February 2012

The Group's investment property which is held for the purpose of redevelopment was provided to Mr. Cheung Hoo Win as rent-free accommodation for the year ended 31 March 2012. The estimated money value of the annual rental of the accommodation was HK\$1,200,000.

None of Directors of the Company waived or agreed to waive any emoluments for the two years ended 31 March 2013 and 2012.

Other than the gratuity payments disclosed in note 36, no emoluments have been paid to the Directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the two years ended 31 March 2013 and 2012.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 14 Employees' Emoluments

During the year, the five highest paid individuals included two Directors (2012: two directors) of the Company, whose emoluments have been included in note 13 above. The emoluments of the remaining three individuals (2012: three individuals) for the years ended 31 March 2013 and 2012 were as follows:

	2013 HK\$'000	2012 HK\$'000
Salaries, allowances and other benefits	1,947	1,796
Retirement benefit scheme contributions	47	36
	<b>1,994</b>	<b>1,832</b>

No emoluments have been paid to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the two years ended 31 March 2013 and 2012.

The above emoluments fall within the following band:

	Number of employees	
	2013	2012
Nil to HK\$1,000,000	3	3

## 15. Dividends

No dividend was paid or proposed for the year ended 31 March 2013, nor has any dividend been proposed since the end of the reporting period (2012: HK\$nil).

## 16. Earnings Per Share

The calculation of basic earnings per share for the year is based on the profit for the year attributable to the owners of the Company of approximately HK\$40,200,000 (2012: HK\$10,212,000) and the weighted average number of 3,709,773,088 (2012: 2,735,114,586) ordinary shares in issue during the year.

The basic and diluted earnings per share are the same for the years ended 31 March 2013 and 2012 as there were no potential ordinary shares outstanding for both years.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 17. Fixed Assets

	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>COST</b>				
At 1 April 2012	1,919	4,680	2,026	8,625
Additions	66	241	–	307
Disposals	–	(26)	–	(26)
At 31 March 2013	1,985	4,895	2,026	8,906
<b>ACCUMULATED DEPRECIATION</b>				
At 1 April 2012	1,680	4,040	860	6,580
Charge for the year	160	177	233	570
Eliminated on disposals	–	(19)	–	(19)
At 31 March 2013	1,840	4,198	1,093	7,131
<b>CARRYING VALUES</b>				
At 31 March 2013	145	697	933	1,775
<b>COST</b>				
At 1 April 2011	2,047	4,578	2,026	8,651
Additions	180	161	–	341
Disposals	(308)	(59)	–	(367)
At 31 March 2012	1,919	4,680	2,026	8,625
<b>ACCUMULATED DEPRECIATION</b>				
At 1 April 2011	1,493	3,838	569	5,900
Charge for the year	221	207	291	719
Eliminated on disposals	(34)	(5)	–	(39)
At 31 March 2012	1,680	4,040	860	6,580
<b>CARRYING VALUES</b>				
At 31 March 2012	239	640	1,166	2,045

At 31 March 2013, the carrying values of the motor vehicle held by the Group under finance leases amounted to approximately HK\$163,000 (2012: HK\$204,000).

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 18. Investment Properties

	2013 HK\$'000	2012 HK\$'000
Fair value		
At 1 April	67,000	65,500
Addition regarding the Transfer of Full Bright	83,000	–
Changes in fair value recognised in profit or loss	16,000	1,500
At 31 March	166,000	67,000
Leasehold properties situated in Hong Kong held under		
long-term lease	93,000	–
medium-term lease	73,000	67,000
	166,000	67,000

The fair value of the Group's investment properties at 31 March 2013 and 2012 had been arrived at on the basis of valuation carried out on the respective year by LCH (Asia-Pacific) Surveyors Limited ("LCH"), an independent qualified professional valuer not connected with the Group. LCH is the member of the Hong Kong Institute of Surveyor, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

The Group's properties held to earn rental or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

At the end of the reporting period, the Group's investment properties of approximately HK\$166,000,000 (2012: HK\$67,000,000) has been pledged to secure the banking facilities granted to the Group as details stated in note 39.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 19. Available-For-Sale Investment

	2013 HK\$'000	2012 HK\$'000
Unlisted investment		
— equity securities, at cost	3,857	3,857
Less: Impairment loss	(3,857)	(3,857)
Total	—	—

The above unlisted equity investment represents the Group's 10% equity interest in Onland Investment Limited ("Onland"), the Company's former subsidiary, and its subsidiaries (the "Onland Group"). During the year ended 31 March 2010, the Group had partially disposed of its interests in the Onland Group, being the disposal of an aggregate of 9 shares in Onland representing 90% equity interests in the Onland Group previously held by the Group, for a consideration of approximately HK\$48,000,000. The Directors of the Company are of the opinion that the Group no longer had control, joint control or significant influence over the financing and operating policy decision of the Onland Group. Immediately after the disposal, the Group's remaining 10% equity interests in the Onland Group with a carrying amount of approximately HK\$3,857,000 was reclassified to available-for-sale investment. The investment was measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors of the Company are of the opinion that its fair value cannot be measured reliably.

As at 31 March 2013, the Group recognised an impairment loss of approximately HK\$3,857,000 (2012: HK\$3,857,000) in respect of available-for-sale investment as a result of its decrease in the recoverable amounts.

## 20. Promissory Note Receivable

The Group disposed of 90% of its shareholding interest in a toll road project in Wuhan China at the consideration of HK\$48,000,000, which was partially satisfied by cash of HK\$4,000,000 and the balance by issuing a promissory note to the Group.

The promissory note receivable, which bears a 6% coupon rate per annum, became due on 30 September 2011 (the "Maturity Date"). According to the terms of the promissory note, Lucky Global Investments Limited (the "Note Issuer") was required to pay the Group the principal amount of HK\$44,000,000 together with the accrued interest of HK\$3,960,000, for a total of HK\$47,960,000 (the "Total Sum") on the Maturity Date. The Company has only received HK\$5,000,000 for the partial settlement of the Total Sum during the year ended 31 March 2012.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

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## 20. Promissory Note Receivable *(Continued)*

Given the negative response of the Note Issuer towards the Group's repeated requests for payment and the lengthy period that this receivable has been outstanding since the Maturity Date, the Group has recognized an impairment loss for the remaining balance of HK\$42,960,000 since 2012. Following further discussion with the issuer of the promissory note (the "Note Issuer", together with its subsidiaries, the "Note Issuer Group"), the Group believes that it is in its best interest not to take legal action for the time being. However, the Group will continue to closely monitor the progress of the recovery of the outstanding money due to the Note Issuer Group by its joint venture partner in the toll road project in Wuhan, the PRC.

## 21. Loan Receivables

	2013 HK\$'000	2012 HK\$'000
Securities dealing and broking services		
— secured margin loans (note 1)	59,036	27,674
Less: Impairment loss recognised	<b>(15,617)</b>	(15,283)
	<b>43,419</b>	12,391
Financing business		
— unsecured loans	7,781	7,585
— secured mortgage loans (note 2)	76,847	39,323
Less: Impairment loss recognised	<b>(8,618)</b>	(8,119)
	<b>76,010</b>	38,789
The Group's loan receivables (net of impairment loss) are analysed into:		
— Non-current assets	24,915	11,316
— Current assets	94,514	39,864
	<b>119,429</b>	51,180

Notes:

- Secured loans to margin clients are secured by the underlying pledged securities and are interest-bearing. No aging analysis is disclosed as, in the opinion of the Directors, an aged analysis does not give additional value in view of the nature of the business of securities dealing and broking services.
- Secured mortgage loans to mortgage loan clients are secured by the clients' properties located in Hong Kong of the clients and are interest-bearing.

# Notes to the Consolidated Financial Statements

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(All amounts in Hong Kong dollars unless otherwise stated)

## 21. Loan Receivables (Continued)

The amount of credit facilities granted to clients is determined by the market value of the collateral securities accepted by the Group. As at 31 March 2013, the total market value of securities pledged as collateral in respect of the loans to clients was approximately HK\$144,135,000 (2012: HK\$130,224,000).

Loan receivables on secured margin loans of approximately HK\$59,036,000 (2012: HK\$27,674,000) are repayable on demand and bear interests at interest rates with reference to prime rate plus a spread for both years.

Loan receivables on unsecured loans of approximately HK\$3,595,000 (2012: HK\$3,159,000) bear interests at interest rates with reference to commercial rates, the remaining balances of approximately HK\$4,186,000 (2012: HK\$4,426,000) are non-interest bearing.

Loan receivables on secured mortgage loans of approximately HK\$76,847,000 (2012: 39,323,000) are repayable on demand or agreed by individual borrowers and bear interest rates with reference to commercial rates. The loan receivables which would be received over one year were recorded as non-current receivables. As at 31 March 2013, the total market value of properties pledged as collateral in respect of the mortgage loans was approximately HK\$250,323,000 (2012: HK\$219,560,000).

The aging analysis of the Group's loan receivables for the financing business, net of accumulated impairment losses, based on the loans release date at the end of the reporting period for the financing business is as follows:

	2013 HK\$'000	2012 HK\$'000
Within 6 months	61,842	29,569
Over 6 months and up to 1 year	12,596	8,172
Over 1 year	1,572	1,048
	<b>76,010</b>	38,789

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

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## 21. Loan Receivables (Continued)

The carrying amount of fixed-rate loans receivables have contractual maturity date as follows:

	2013 HK\$'000	2012 HK\$'000
On demand or within 1 year	51,095	27,473
In more than 1 year but not more than 5 years	12,327	5,717
Over 5 years	12,588	5,599
	<b>76,010</b>	<b>38,789</b>

In respect of the loan receivables for the financing business, individual credit evaluation are performed on all customers. These evaluations focus on the customer's financial background and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

Apart from assessing the financial position of the clients, the management further reviews value of the clients' pledged properties by reference to recent market transactions in comparable properties for the loan receivables on every secured loan for the financing business. If the market value of secured real estate is deteriorated and is below the carrying amount of the corresponding financing advances, provision of impairment may be required.

The following is an aging analysis of the Group's loan receivables for the financing business which are past due but not impaired at the end of the reporting period:

	Total HK\$'000	Neither past due nor impaired HK\$'000	Past due but not impaired			Over 1 year HK\$'000
			<90 days HK\$'000	91 to 180 days HK\$'000	181 to 365 days HK\$'000	
31 March 2013	76,010	75,798	39	34	69	70
31 March 2012	38,789	38,584	–	–	39	166

The properties owned by clients were pledged to the Group over the amount of loan receivables on every secured loan for financing business. The Group does not hold any collateral over the total amount of unsecured loans for financing business.

# Notes to the Consolidated Financial Statements

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(All amounts in Hong Kong dollars unless otherwise stated)

## 21. Loan Receivables (Continued)

At the end of each reporting date, the Group's loan receivables were individually determined to be impaired. The individually impaired loan receivables are recognised based on the credit history of its client, such as financial difficulties or default in payments, sufficiency of collateral and current market conditions. Consequently, specific impairment provision was recognised.

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

The movement in the impairment of loan receivables is as follows:

	Financing business		Margin clients		Total	
	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April	<b>8,119</b>	7,858	<b>15,283</b>	6,355	<b>23,402</b>	14,213
Impairment loss recognised for the year	<b>960</b>	502	<b>334</b>	10,539	<b>1,294</b>	11,041
Transferred to trade receivables (note 22)	-	-	-	(1,599)	-	(1,599)
Reversal of impairment loss recognised for the year	<b>(461)</b>	(241)	-	(12)	<b>(461)</b>	(253)
At 31 March	<b>8,618</b>	8,119	<b>15,617</b>	15,283	<b>24,235</b>	23,402

As at 31 March 2013, loan receivables of HK\$23,472,000 (2012: HK\$23,011,000) were individually determined to be impaired. The individually impaired receivables related to clients that were in severe financial difficulties or which have been in disputes with the Group.

Specific impairment provision of HK\$922,000 (2012: HK\$10,759,000) was recognised for the year.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 22. Trade Receivables

Trading terms with general trading customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 to 60 days of issuance, except for certain well-established customers, where the terms are extended to 90 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management. The general settlement terms of trade receivables attributable to the securities dealing and the broking services are two days after the trade date.

	2013 HK\$'000	2012 HK\$'000
Trade receivables	17,399	12,942
Less: Impairment losses recognised	(327)	(356)
	<b>17,072</b>	12,586

	2013 HK\$'000	2012 HK\$'000
Balance in relation to:		
— securities dealing and broking services	11,040	7,412
— general trading and others	6,032	5,174
	<b>17,072</b>	12,586

An aging analysis of the Group's trade receivables net of impairment presented based on the invoice date at the end of the reporting period is as follows:

	2013 HK\$'000	2012 HK\$'000
Within 6 months	14,992	12,527
Over 6 months and up to 1 year	1,879	49
Over 1 year	201	10
	<b>17,072</b>	12,586

# Notes to the Consolidated Financial Statements

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## 22. Trade Receivables (Continued)

Included in the Group's trade receivable balances are trade debtors with aggregate carrying amount of HK\$14,640,000 (2012: HK\$12,229,000) which are past due at the reporting date for which the Group has not provided for impairment loss. These past due but not impaired balances mainly represent sales and services made to recognised and creditworthy customers. These customers who trade on credit terms are subject to credit verification procedures. For these past due but not impaired balances, no impairment is considered necessary by the Directors of the Company based on the historical payment records.

The following is an aging analysis of trade receivables which are past due but not impaired at the reporting date:

	Total HK\$'000	Neither past due nor impaired HK\$'000	Past due but not impaired			Over 1 year HK\$'000
			<90 days HK\$'000	91 to 180 days HK\$'000	181 to 365 days HK\$'000	
<b>31 March 2013</b>	<b>17,072</b>	<b>2,432</b>	<b>10,115</b>	<b>2,198</b>	<b>2,226</b>	<b>101</b>
31 March 2012	12,586	357	7,369	4,801	49	10

At the end of each reporting period, the Group's trade receivables were individually reviewed to determine whether they were impaired. The individually impaired trade receivables are recognised based on the credit history of the counterparties, such as financial difficulties or default payments. Consequently, specific impairment loss was recognised.

The movement in the impairment of trade receivables is as follows:

	2013 HK\$'000	2012 HK\$'000
At 1 April	<b>356</b>	671
Transferred from loan receivables (note 21)	–	1,599
Amounts written off as uncollectible for the year	–	(1,822)
Reversal of impairment loss recognised for the year	<b>(29)</b>	(92)
At 31 March	<b>327</b>	356

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 22. Trade Receivables (Continued)

Included in the impairment of trade receivables are individually impaired trade receivables with an aggregate balance of HK\$327,000 (2012: HK\$356,000) which have been in disputes with the Group or in severe financial difficulties. The Group held listed securities in client accounts with market value at 31 March 2013 of approximately HK\$46,278,000 (2012: HK\$33,516,000) as collateral over these balances.

The Group's trade receivables that are denominated in currency other than the functional currency of the relevant group companies before impairment loss recognised are as follows:

	2013 HK\$'000	2012 HK\$'000
USD	327	327

## 23. Other Receivables, Deposits and Prepayments

	2013 HK\$'000	2012 HK\$'000
Deposits	975	1,121
Prepayments	829	703
Interest receivable	756	530
Other receivables	1,784	835
	<b>4,344</b>	3,189
Less: Impairment losses recognised	(631)	(43)
	<b>3,713</b>	3,146

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 23. Other Receivables, Deposits and Prepayments (Continued)

The movement in the impairment of other receivables, deposits and prepayments is as follow:

	2013 HK\$'000	2012 HK\$'000
At 1 April	43	233
Impairment loss recognised for the year	621	33
Amounts written off as uncollectible for the year	(33)	(223)
At 31 March	631	43

## 24. Financial Assets at Fair Value through Profit or Loss

	2013 HK\$'000	2012 HK\$'000
Fair value:		
Listed securities issued by corporate entities		
— listed in Hong Kong	38,249	37,629
— listed in Vietnam	—	831
	38,249	38,460

The fair value of the above listed securities are determined based on the quoted market bid prices available on the relevant exchange and quoted prices provided by the financial institutions respectively.

The Group's financial assets at fair value through profit or loss that are denominated in a currency other than the functional currency of the relevant group entities is as follows:

	2013 HK\$'000	2012 HK\$'000
United State Dollars ("USD")	1,278	1,581
Vietnam Dong ("VND")	—	831



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for the year ended 31 March 2013

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## 25. Client Trust Funds

The Company maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its securities brokerage and margin financing business. The Group has classified the clients' monies as client trust funds under current assets on the consolidated statement of financial position and recognised the corresponding trade payable to respective clients on grounds that it is liable for any loss or misappropriation of clients' monies. The Group is restricted to use the client's monies to settle its own obligations.

Client trust funds are interest-bearing at bank deposit saving rate (2012: bank deposit savings rate).

Details of the Group's client trust funds that are denominated in currencies other than the functional currency of the Group is set out below:

	2013 HK\$'000	2012 HK\$'000
RMB	6	8

## 26. Pledged Bank Deposits

The pledged bank deposits carry fixed interest rate ranging from 0.25% to 2% (2012: 0.08% to 0.25%) per annum and have been pledged to banks to secure overdraft banking facilities granted to the Group and hence is classified as current assets. The Group covenants to maintain deposits of not less than HK\$6,225,000 (2012: HK\$6,211,000) with banks as a condition precedent for the granting of overdraft banking facilities by the bank. The bank deposits will be released when the overdraft banking facilities are expired.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 27. Bank Balances and Cash

Bank balances comprise short-term bank deposits of approximately HK\$96,196,000 (2012: HK\$70,180,000) which carry interest at prevailing market rate. The maturities of bank balances were within three months.

The Group's bank balances that are denominated in currencies other than the functional currency of the Group is as follows:

	2013 HK\$'000	2012 HK\$'000
VND	3	4
EUR	1	1
RMB	1,383	1,494
USD	291	235

## 28. Trade Payables

	2013 HK\$'000	2012 HK\$'000
Trade payables	63,391	89,027

	2013 HK\$'000	2012 HK\$'000
Balances in relation to:		
— securities dealing and broking services (note)	63,155	88,726
— general trading and others	236	301
	63,391	89,027

Note: Trade payables in relation to securities dealing and broking services are repayable on demand. No aging analysis is disclosed as, in the opinion of the Directors, an aged analysis does not give additional value in view of the nature of the business of securities dealing and broking services.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 28. Trade Payables (Continued)

An aging analysis of the Group's trade payables in relation to general trading and others is as follows:

	2013 HK\$'000	2012 HK\$'000
Within 6 months	9	74
Over 6 months and up to 1 year	1	99
Over 1 year	226	128
	<b>236</b>	<b>301</b>

Trade payables for securities dealing and broking services are interest-bearing at the bank deposit saving rate (2012: bank deposit saving rate) per annum, the trade payables for general trading and others are non-interest bearing.

The average credit period of purchases of goods for the general trading and others is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The Group's trade payables that are denominated in a currency other than the functional currency of the Group are as follows:

	2013 HK\$'000	2012 HK\$'000
RMB	6	8

# Notes to the Consolidated Financial Statements

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## 29. Other Payables and Accruals

	2013 HK\$'000	2012 HK\$'000
Other payables and accruals	4,673	4,377

## 30. Loan From a Shareholder

On 6 March 2012, Mr. Cheung Chi Shing ("Mr. Cheung"), a substantial shareholder of the Company advanced an interest-free loan of HK\$10,000,000 to the Group to support the development of the mortgage financing business of the Group.

Pursuant to the Settlement Agreement (as described in note 44), Mr. Cheung agreed to set off the interest-free loan against the Judgement Debts ("the Set Off") subject to the fulfilment of the conditions precedent set out in the Settlement Agreement.

As described in note 44, the Set Off was completed on 5 September 2012.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 31. Bank Borrowings

	2013 HK\$'000	2012 HK\$'000
Secured bank borrowings comprise:		
— Loans (note)	88,368	5,700
Bank borrowings are repayable:		
— Within one year	3,589	1,200
— Carrying amount of bank loans that are not repayable within 1 year from the end of the reporting period but contain a repayment on demand clause	84,779	4,500
Amount due within 1 year shown under current liabilities	88,368	5,700

Note: As at 31 March 2013 and 2012, the amounts were secured by investment properties (note 18) of the Group with a carrying value of HK\$166,000,000 and HK\$67,000,000 respectively.

For the year ended 31 March 2012, the floating-rate bank loan was carrying interest at the prime rate for Hong Kong Dollars as quoted by the Bank of China (Hong Kong) Limited minus 2.75%, and the respective effective interest rate was 2.25% per annum.

For the year ended 31 March 2013, the floating-rate bank loans were carrying interest at the prime rate for Hong Kong Dollars as quoted by the Industrial and Commercial Bank of China (Asia) Limited minus 2.85%, and the respective effective interest rate was 2.4% per annum.

# Notes to the Consolidated Financial Statements

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## 32. Obligation under Finance Lease

### Amounts payable under finance lease

	Minimum lease payments		Present value of minimum lease payments	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year	8	94	7	92
More than 1 year, but not exceeding 2 years	–	7	–	7
More than 2 years, but not exceeding 5 years	–	–	–	–
	8	101	7	99
Less: Future finance charges	(1)	(2)	N/A	N/A
Present value of lease obligation	7	99	7	99
Less: Amount due for settlement within 1 year (shown under current liabilities)			(7)	(92)
Amount due for settlement after 1 year			–	7

It is the Group's policy to lease certain of its motor vehicles under finance lease. The average lease term is 1 year (2012: 2 years). For the year ended 31 March 2013, the average effective borrowing rate was 5.28% per annum (2012: 5.28%). Interest rates are fixed at the contract date, all leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligation under finance lease is secured by the lessor's charge over the leased assets.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

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## 33. Share Capital

	Number of shares		Amount	
	2013	2012	2013 HK\$'000	2012 HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	<b>200,000,000,000</b>	200,000,000,000	<b>2,000,000</b>	2,000,000
Issued and fully paid:				
At 1 April	<b>3,709,773,088</b>	1,871,188,679	<b>37,098</b>	18,712
Issue of scrip shares (note a)	-	455,402,628	-	4,554
Issue of bonus shares (note b)	-	467,797,167	-	4,678
Exercise of subscription rights for gratuity (note 36)	-	115,384,614	-	1,154
Conversion of convertible bonds (note 38)	-	380,000,000	-	3,800
Exercise of share options (note 37)	-	370,000,000	-	3,700
Issue of subscriptions shares (note c)	-	50,000,000	-	500
At 31 March	<b>3,709,773,088</b>	3,709,773,088	<b>37,098</b>	37,098

Notes:

- (a) On 14 September 2011, the Company issued a total of 455,402,628 new shares of the Company. The number of shares issued under the scrip dividend schemes for 2009 Interim Results, 2010 Interim Results, 2010 Final Results and 2011 Interim Results were 187,118,867, 106,222,573, 106,593,197 and 55,467,991 respectively.
- (b) On 14 September 2011, the Company issued a total of 467,797,167 bonus shares, of which 187,118,867 shares and 187,118,867 shares were issued in respect of 2010 Interim Results and 2010 Final Results on the basis of 1 bonus share for every 10 shares held by the then shareholders. The remaining 93,559,433 shares were issued on the basis of 1 bonus share for every 20 shares held by the then shareholders for 2011 Interim Results.
- (c) On 15 November 2007, the Company entered into eight subscription agreements to issue 600,000,000 shares of the Company at the price of HK\$0.08 per share. Subsequently, seven of the subscribers mutually agreed with the Company to release each other for the respective subscription agreements to subscribe for an aggregate of 550,000,000 subscription shares. The remaining 50,000,000 shares were allotted on 15 December 2011.
- (d) As described in note 45, subsequent to 31 March 2013, a total of 144,000,000 issued ordinary share were repurchased and cancelled as at 30 April 2013.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

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## 34. Share Option Scheme

On 21 September 2012, the Company adopted a new share option scheme (the "Scheme") to replace the old one that expired on 21 August 2012. The purpose of the Scheme is to enable the Company to grant options to the participants in recognition of their contribution to the Group. Pursuant to the Scheme, the Directors may, within a period of 10 years, grant options to any director or employee, adviser, consultant, agent, contractor, customer and supplier of the Group so that they can subscribe for shares in the Company.

The maximum number of shares issuable under the Scheme to each eligible participant within any 12-month period is limited to 1% of the shares in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder, or to any of their associates, are subject to approval in advance by the Independent Non-Executive Directors.

The exercise price of the share options is determined by the Directors, however, it cannot be less than the higher of (i) the Stock Exchange closing price of the shares on the date of grant of the share options; and (ii) the average Stock Exchange closing price of the shares for the five trading days immediately preceding the date of the grant.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

As at 31 March 2013 and 2012, the Company had no share options outstanding.

## 35. Reserves

### (a) Special capital reserve

Special capital reserve represents the amounts transferred from the Company's share capital upon adjustments of the nominal value of the Company's share in prior years. Under the Companies Act 1981 of Bermuda (the "Act"), the special capital reserve is distributable to shareholders under certain circumstances.

### (b) Contributed surplus

The contributed surplus represents the difference between the fair value of the subsidiaries acquired pursuant to the Group reorganisation in November 1991 and the nominal value of the shares issued by the Company and the transfer from share premium account of HK\$605,473,000 in December 2000, less the transfer to the capital redemption reserve of HK\$6,040,000 in November 2000. Under the Act, the Company's contributed surplus is distributable to shareholders under certain circumstances.



# Notes to the Consolidated Financial Statements

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## 36. Gratuity Payments

The Company granted to each of two former Directors of the Company, Ms. Yeung and Ms. Chan Chi Mei (“Ms. Chan”), a gratuity of HK\$3,000,000 (the “Gratuity”). Each of Ms. Yeung and Ms. Chan was entitled to receive the Gratuity wholly or partly (i) in cash; or (ii) by way of issue of new shares of the Company in lieu of cash. The Gratuity payments were approved by shareholders of the Company on 25 August 2011. The total fair value for the Gratuity payments was HK\$6,047,000. Both Ms. Yeung and Ms. Chan elected to receive the Gratuity by way of new shares of the Company in lieu of cash. As a result, the Company allotted and issued to each of them 57,692,307 new shares of the Company on 10 October 2011.

## 37. Derivative Financial Instrument

On 7 June 2007, the Company entered into an option agreement (the “Option Agreement”) to issue 370,000,000 options (the “Options”) to an independent third party at the exercise price of HK\$0.024 per share. The exercisable period is 18 months starting from 9 September 2011, the date of fulfillment of conditions precedent set out in the Option Agreement. Exercise in full of the Options would result in the issue of 370,000,000 additional shares. At the grant date, the net fair value of the Options on the grant date was approximately HK\$1,935,000. The fair value of the Options was calculated by LCH (Asia-Pacific) Surveyors Limited (“LCH”), an independent qualified professional valuer not connected with the Group using the Binomial model. The key inputs into the model are set out below:

Stock price:	HK\$0.029
Option strike price:	HK\$0.024
Risk-free rate:	0.16%
Annualised volatility:	52%
Exercisable period:	1.5 years
Expected dividend:	Interim HK\$0.0005 Final HK\$0.001

On 15 December 2011, the Company allotted and issued a total of 370,000,000 new shares of the Company upon exercise of the Options.

# Notes to the Consolidated Financial Statements

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## 38. Convertible Bonds

On 9 July 2007, the Company entered into eight subscription agreements in respect of the issue of convertible bonds in the aggregate principal amount of HK\$9,880,000 (the "Convertible Bonds"). The Convertible Bonds did not carry any interest. Each of the subscribers had a right to convert the Convertible Bonds into shares of the Company at the price of HK\$0.026 per share. The Convertible Bonds were issued on 28 September 2011 and were converted into shares of the Company on 10 October 2011. The Convertible Bonds were separated into two component elements: The first component was a derivative that consisted of a conversion option and the second component was a liability component of the straight debt element of the Convertible Bonds. The fair value of the Convertible Bonds on issued date has been arrived at by LCH (Asia-Pacific) Surveyors Limited ("LCH"), an independent qualified professional valuer not connected with the Group using the Binomial model. The key inputs into the model are set out below:

Conversion price:	HK\$0.026
Risk-free rate:	0.76%
Discount rate:	2.18%
Annualised volatility:	65.65%

On 10 October 2011, the Company allotted and issued to the holders of Convertible Bonds a total of 380,000,000 new shares of the Company upon their conversions.

## 39. Banking Facilities

As at 31 March 2013, the Group had aggregate banking facilities of HK\$146,100,000 (2012: HK\$69,800,000) mainly for bank loans, of which HK\$57,732,000 (2012: HK\$64,100,000) was unutilised. These facilities are secured by corporate guarantees provided by the Company and pledged of assets as disclosed in note 41.

As at 31 March 2013, the Company provided financial guarantees of HK\$130,030,000 (2012: HK\$143,830,000) for the banking facilities granted to or bank borrowings drawn by its subsidiaries. The Board of Directors is of the opinion that it is not probable that the above guarantees will be called upon. Accordingly, no provision has been made in the consolidated financial statements for these guarantees.

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## 40. Operating Lease Commitments

### The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of the rented premises which fall due are as follows:

	2013 HK\$'000	2012 HK\$'000
Within one year	2,183	1,346
In the second to fifth years, inclusive	1,492	50
	<b>3,675</b>	1,396

Leases for rented premises are negotiated for an average of two years (2012: two year) and rentals are fixed for an average of two years (2012: two years).

### The Group as lessor

Property rental income earned during the year was HK\$845,000 (2012: HK\$nil). The properties are expected to generate rental yields of 3% on an ongoing basis. All of the properties held have committed tenants for the next 4 months to 2 years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments which fall due are as follows:

	2013 HK\$'000	2012 HK\$'000
Within one year	1,244	—
In the second to fifth years, inclusive	591	—
	<b>1,835</b>	—

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## 41. Pledge of Assets

Assets with the following carrying amounts have been pledged to secure the banking facilities granted to the Group or the borrowings of the Group (see note 31):

	2013 HK\$'000	2012 HK\$'000
Motor vehicle	163	204
Investment properties	166,000	67,000
Pledged bank deposits	6,225	6,211
	<b>172,388</b>	73,415

## 42. Retirement Benefits Schemes

The Group has arranged for its Hong Kong employees to join the MPF Scheme, a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its Hong Kong employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employee's contributions are subject to a cap of monthly relevant income HK\$20,000 or HK\$25,000 with effect from 1 June 2012.

Under the Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

During the year ended 31 March 2013, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK\$548,000 (2012: HK\$534,000).

# Notes to the Consolidated Financial Statements

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## 43. Related Party Transactions

- (a) Compensation to Directors and key management personnel of the Group:

	2013 HK\$'000	2012 HK\$'000
Short-term benefits	2,692	2,352
Post-employment benefits	57	34
	<b>2,749</b>	<b>2,386</b>

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individual and market trends.

- (b) During the year, the Group entered into the following material transactions with its related parties.

	2013 HK\$'000	2012 HK\$'000
Consultancy fee paid to Mr. Cheung (note (i))	–	190
Commission income from Hoowin Limited (note (ii & iii))	116	51
Commission income from Elfie Limited (note (ii & iii))	41	49
Commission income from K.C. (Investment) Limited (note (ii & iii))	6	–
Commission income from Mr. Cheung (note (ii))	183	663
Commission income from Mr. Cheung Hoo Win (note (i & ii))	25	4
Commission income from Mr. Yeung Shun Kee ("Mr. Yeung") (note (ii & iv))	1	2
Commission income from Ms. Mak Kit Ping ("Ms. Mak") (note (ii & vii))	6	–
Gratuity fee paid to Ms. Yeung (note (v))	–	3,024
Gratuity fee paid to Ms. Chan (note (vi))	–	3,024
Professional fee paid to Mr. Yeung (note (iv))	50	50
Equity interest transferred for Full Bright from K.C. (Asset) Limited (note (viii))	<b>82,617</b>	–

# Notes to the Consolidated Financial Statements

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## 43. Related Party Transactions *(Continued)*

(b) *(Continued)*

Notes:

- (i) Mr. Cheung, the spouse of Ms. Yeung and the father of Mr. Cheung Hoo Win, is a beneficial shareholder of the Company. Mr. Cheung Hoo Win is a Director and the chief executive officer of the Company for both years.
- (ii) All of them were clients of the Group's brokerage business. Total value of sales and purchases of trading securities transactions of Hoowin Limited, Elfie Limited, K.C. (Investment) Limited, Mr. Cheung, Mr. Cheung Hoo Win, Mr. Yeung and Ms. Mak during the year are approximately HK\$46,233,000 (2012: HK\$20,200,000), HK\$16,368,000 (2012: HK\$24,479,000), HK\$2,413,000 (2012: HK\$nil), HK\$73,353,000 (2012: HK\$267,693,000), HK\$9,817,000 (2012: HK\$1,541,000), HK\$464,000 (2012: HK\$622,000) and HK\$1,785,000 (2012: HK\$nil) respectively.
- (iii) Hoowin Limited, Elfie Limited and K.C. (Investment) Limited are beneficially owned by Mr. Cheung and Ms. Yeung. For the year ended 31 March 2012, the directors of Hoowin Limited, Elfie Limited and K.C. (Investment) Limited are Mr. Cheung, Ms. Yeung, Mr. Cheung Hoo Win and Ms. Cheung Lok Chi. For the year ended 31 March 2013, the directors of Hoowin Limited and Elfie Limited are Mr. Cheung Hoo Win and Ms. Cheung Lok Chi and the directors of the K.C. (Investment) Limited are Mr. Cheung Hoo Yin and Ms. Cheung Lok Chi. Mr. Cheung Hoo Yin and Ms. Cheung Lok Chi are the son and daughter of Mr. Cheung and Ms. Yeung.
- (iv) Mr. Yeung is an Independent Non-Executive Director of the Company for both years.
- (v) Ms. Yeung was the Director of the Company up to 5 December 2010.
- (vi) Ms. Chan was the Director of the Company up to 5 December 2010.
- (vii) Ms. Mak was appointed as the Director of the Company since 15 February 2012.
- (viii) K.C. (Asset) Limited are beneficially owned by Mr. Cheung and Ms. Yeung. The director of K.C. (Asset) Limited is Mr. Cheung Hoo Yin, the son of Mr. Cheung and Ms. Yeung.

# Notes to the Consolidated Financial Statements

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(All amounts in Hong Kong dollars unless otherwise stated)

## 43. Related Party Transactions (Continued)

- (c) Save as disclosed above, as at the reporting date, the Group had the following balances with its related parties:

	2013 HK\$'000	2012 HK\$'000
Trade payables:		
Amount due to Mr. Cheung Hoo Win (note (i))	1,233	–
Amount due to Hoowin Limited (note (i))	6,793	18,464
Amount due to Elfie Limited (note (i))	3,988	7,442
Amount due to Mr. Cheung (note (ii))	5	11,983
Loan advance:		
Amount due to Mr. Cheung (note (iii))	–	10,000
Trade receivable:		
Amount due from Ms. Mak (note (iv))	18	–

Notes:

- (i) The amounts are unsecured, interest bearing at the bank deposit saving rate (2012: bank deposit saving rate) per annum and repayable on the client's demand.
- (ii) The amount is unsecured, interest bearing at the bank deposit saving rate (2012: bank deposit savings rate) per annum and repayable on demand.
- (iii) The amount is unsecured, non-interest bearing and repaid on 5 September 2012 as described in note 30.
- (iv) The amount is secured by the underlying pledged securities and bear interests at interest rates with reference to prime rate plus a spread.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 44. Amounts Due from Former Directors/Petition

In the Company's announcement dated 11 September 2008 and a supplemental circular dated 9 April 2009, it has been disclosed that the Company, as one of the defendants, and certain of its former Directors had been served a petition by the SFC in relation to certain past transactions of the Group.

Pursuant to the High Court judgement (the "Order") received on 7 March 2012, details of which were disclosed in the Company's announcement of the even date, Mr. Cheung and Ms. Yeung Han Yi Yvonne ("Ms. Yeung") shall pay to the Company a total sum of HK\$79,000,000 and HK\$6,950,000, respectively (collectively, the "Principals"), with interest thereon compounded annually at the rate of 1% above the prime rate quoted by The Hong Kong and Shanghai Banking Corporation Limited for periods from the respective date of concerned transactions to the date of the Order and at judgement rate after the date of the Order until full payment of the Principals (collectively, the "Judgement Debts").

In consideration of the Company's forbearance to initiate enforcement proceedings against Mr. Cheung and Ms. Yeung to recover the Judgement Debts, Mr. Cheung and Ms. Yeung irrevocably covenant with the Company that they shall settle the Judgement Debts in the manner as set out in the settlement agreement dated 26 June 2012 (the "Settlement Agreement").

The Settlement Agreement was approved by the shareholders of the Company on 30 August 2012.

Pursuant to the Settlement Agreement, Mr. Cheung and Ms. Yeung would settle the Judgement Debts in the manner as follows:

- (1) Upon the signing of the term sheet between the Company, Mr. Cheung and Ms. Yeung, which is non-legally binding and set out the principal terms of settlement for Judgement Debts, Mr. Cheung and Ms. Yeung have paid the Company a sum of HK\$10,000,000 in cash.
- (2) The loan of HK\$10,000,000 from Mr. Cheung to the Group was used to partially set off against the Judgement Debts (the "Set Off") on 5 September 2012 (the "Completion Date").



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 44. Amounts Due from Former Directors/Petition *(Continued)*

- (3) Mr. Cheung and Ms. Yeung shall assign to the Company all the beneficial interest of a commercial property located in Hong Kong as part of the settlement of the Judgement Debts (the "Transfer"). The commercial property is held by Treasure Profit Limited, a subsidiary wholly owned by Full Bright Global Limited ("Full Bright", together with Treasure Profit Limited, the "Full Bright Group"). In accordance with the Settlement Agreement, Mr. Cheung and Ms. Yeung shall procure K. C. (Asset) Limited ("KC Asset") to transfer to the Company the shares of Full Bright and the loan due to KC Asset or Mr. Cheung and Ms. Yeung (the "Transfer of Full Bright") at a consideration of approximately HK\$82,617,000. The Transfer was completed on 5 September 2012 and KC Asset transferred its 100% equity interest in Full Bright Group to the Company.

Consideration:

	2013 HK\$'000
Settlement of the Judgement Debts — Principals	74,408
Settlement of the Judgement Debts — Interest Component	8,209
Total	<b>82,617</b>

Assets and liabilities of Full Bright Group recognised at the date of Transfer were as follows:

	2013 HK\$'000
Investment property	83,000
Deposit and other receivables	2
Bank balances and cash	311
Accruals and other payables	(282)
Rental deposit received	(414)
	<b>82,617</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 44. Amounts Due from Former Directors/Petition *(Continued)*

(3) *(Continued)*

Net cash inflow on the Transfer of Full Bright:

	2013 HK\$'000
Increase in cash and cash equivalents balance from the Transfer of Full Bright	311
Less: Cash consideration paid	—
	<b>311</b>

Upon the completion of the Set-Off and Transfer of Full Bright, the Group had received approximately HK\$102,617,000, out of which HK\$85,950,000 was recorded as other income of the Group for the financial year ended 31 March 2012 and was settled during the year ended 31 March 2013. The balance of approximately HK\$16,667,000 was recognised and included in other income for the year ended 31 March 2013.

- (4) Pursuant to the Settlement Agreement, Mr. Cheung further repaid HK\$20,000,000 to the Company in January 2013. Together with the HK\$16,667,000, a total of HK\$36,667,000 was recognised and included in other income for the year ended 31 March 2013 as detail described and disclosed in note 5 and 9 respectively.
- (5) Subsequent to the reporting date, Mr. Cheung repaid a further amount of HK\$20,000,000 to the Company in May 2013.
- (6) The balance of approximately HK\$51,304,000 would be paid to the Company in September 2013, which is 12 months after the Completion Date.

## 45. Events After The Reporting Period

### (a) Settlement of Judgement Debts

As more fully detailed in the Company's announcement dated 7 May 2013, the Company has received HK\$20,000,000 from Mr. Cheung for the second instalment of the Judgement Debts.

### (b) Shares repurchased

From 5 April 2013 to 24 April 2013, a total of 144,000,000 issued ordinary shares were repurchased and all the repurchased ordinary shares were cancelled on 30 April 2013.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 46. Principal Subsidiaries

Name of subsidiaries	Place of incorporation/ operations	Class of shares held	Issued and fully paid share capital	Percentage of ownership interest and voting power held by the Company		Principal activities
				2013	2012	
<b>Direct subsidiary</b>						
Styland Enterprises Limited	Hong Kong	Ordinary	HK\$2	100	100	Provision of management services
<b>Indirect subsidiaries</b>						
Devonia Development Limited	Hong Kong	Ordinary	HK\$10,000	100	100	Property investment
Ever-Long Asset Management Limited	Hong Kong	Ordinary	HK\$10,000,000	100	100	Securities trading
Ever-Long Capital Limited	British Virgin Islands ("BVI")	Ordinary	US\$4,000,000	100	100	Provision of financing services
Ever-Long Finance Limited	Hong Kong	Ordinary	HK\$22,500,000	100	100	Provision of financing services
Ever-Long Securities Company Limited	Hong Kong	Ordinary	HK\$100,000,000	100	100	Securities broking and provision of financing services
Long River Investments Holdings Limited	BVI	Ordinary	US\$200	100	100	Securities trading
Styland (International) Limited	Hong Kong	Ordinary	HK\$100,000	100	100	Securities trading and general trading
Treasure Profit Limited	Hong Kong	Ordinary	HK\$1	100	–	Property investment

The above table lists the subsidiaries of the Company which, in the opinion of the Directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities subsisting at the end of the years or at any time during both years.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 47. Loss Attributable to Equity Shareholders of the Company

Loss attributable to equity shareholders of the Company dealt with in the income statement of the Company is HK\$62,504,000 (2012 Profit: HK\$72,487,000).

## 48. Statement of Financial Position of the Company

	Notes	2013 HK\$'000	2012 HK\$'000
<b>Non-current asset</b>			
Investments in subsidiaries		–	–
<b>Current assets</b>			
Other receivables		437	500
Amounts due from subsidiaries	(a)	306,815	244,082
Amounts due from former Directors		–	85,950
Bank balances and cash		48,645	54
		<b>355,897</b>	330,586
<b>Current liabilities</b>			
Other payables and accruals		510	1,063
Bank borrowings		88,368	–
		<b>88,878</b>	1,063
<b>Net assets</b>		<b>267,019</b>	329,523
<b>Capital and reserves</b>			
Share capital		37,098	37,098
Reserves	(b)	229,921	292,425
<b>Total equity</b>		<b>267,019</b>	329,523

Notes:

**(a) Amounts due from subsidiaries**

The amounts due from subsidiaries were unsecured, interest-free and repayable on demand.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 48. Statement of Financial Position of the Company (Continued)

Notes: (Continued)

### (b) Reserves

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Special capital reserve (Note 35) HK\$'000	Contributed surplus HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 31 March 2011	35,831	6,040	571,147	615,189	–	(1,020,625)	207,582
Profit for the year and total recognised income for the year	–	–	–	–	–	72,487	72,487
Issue of scrip shares	2,510	–	–	(7,064)	–	–	(4,554)
Issue of bonus shares	(4,678)	–	–	–	–	–	(4,678)
Convertible bonds — equity component	–	–	–	–	2,267	–	2,267
Exercise of subscription rights for gratuity	4,893	–	–	–	–	–	4,893
Conversion of convertible bonds	6,080	–	–	–	(2,267)	–	3,813
Exercise of share options	7,115	–	–	–	–	–	7,115
Issue of subscription shares	3,500	–	–	–	–	–	3,500
At 31 March 2012 and 1 April 2012	55,251	6,040	571,147	608,125	–	(948,138)	292,425
Loss for the year and total recognised expense for the year	–	–	–	–	–	(62,504)	(62,504)
At 31 March 2013	55,251	6,040	571,147	608,125	–	(1,010,642)	229,921

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

## 49. Major Non-Cash Transactions

During the year, as described in notes 30 and 44, Mr. Cheung and Ms. Yeung settled part of the Judgement Debts (i) by the Set Off of the loan from Mr. Cheung to the Group, amounted to HK\$10,000,000; and (ii) through the Transfer of Full Bright in the consideration of HK\$82,617,000.

## 50. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation of the current year for the purpose of better representation of the Group's activities and such reclassification has no impact on the Group's profit for the years ended 31 March 2013 and 2012.

# Summary of Financial Information

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and reclassified and restated as appropriate, is set out below:

## Results

	Year ended 31 March				
	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000	2009 HK\$'000
Turnover	<b>148,121</b>	249,899	327,201	277,147	132,146
Profit/(loss) before tax	<b>40,200</b>	10,212	65,314	67,036	(18,507)
Income tax expenses	–	–	(845)	(1,376)	(87)
Profit/(loss) before non-controlling interests	<b>40,200</b>	10,212	64,469	65,660	(18,594)
Non-controlling interests	–	–	–	758	(224)
Profit/(loss) attributable to owners of the Company	<b>40,200</b>	10,212	64,469	66,418	(18,818)

## Assets, Liabilities and Non-Controlling Interests

	As at 31 March				
	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000	2009 HK\$'000
Total assets	<b>507,943</b>	420,507	438,876	478,205	341,607
Total liabilities	<b>(156,439)</b>	(109,203)	(168,526)	(271,151)	(160,831)
Non-controlling interests	–	–	–	–	(38,831)
	<b>351,504</b>	311,304	270,350	207,054	141,945

# Details of Investment Properties

## Investment Properties

Property	Lot no./location	Category of lease	Use
House 4, Customs Pass No. 18 Fei Ngo Shan Road Sai Kung, New Territories Hong Kong	31 In D.D. 228	Medium term	Redevelopment
23rd Floor Far East Consortium Building 121 Des Voeux Road Central, Hong Kong	24/736th share of and in Inland Lot No. 2198, Sections A and the Remaining Portion of Inland Lot No. 2199, Inland Lot No. 2200, Inland Lot No. 2201, Section A, Section B and Section C of Marine Lot No. 299 (the "Lots")	Long term	Investment





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