

CREATING VALUE



大凌集團有限公司
STYLAND HOLDINGS LIMITED

股份代號 Stock Code: 0211

中期報告 Interim Report
2015/16

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. Wang Chin Mong

AUDITOR

UHY Vocation HK CPA Limited

LEGAL ADVISERS

As to Hong Kong Law

Michael Li & Co.
TC & Co.
Patrick Mak & Tse

As to Bermuda Law

Appleby

As to the PRC Law

Hills & Co.

CORPORATE INFORMATION

PRINCIPAL BANKERS

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

PRINCIPAL REGISTRAR

Appleby Management (Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HONG KONG BRANCH REGISTRAR

Tricor Tengis Limited
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REGISTERED OFFICE

Canon's Court
22 Victoria Street
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WEBSITE

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INVESTORS' WEBSITE

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

The board of directors (the “**Directors**” or the “**Board**”) of Styland Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2015 (the “**Review Period**”) together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 September 2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
• TURNOVER		104,422	59,524
Revenue	2	31,482	22,874
Cost of sales		(3,523)	(2,356)
• GROSS PROFIT		27,959	20,518
Other income		46,946	462
Administrative expenses		(27,969)	(17,001)
Selling and distribution costs		(3,075)	(2,337)
Change in fair value of investment property		12,000	–
Change in fair value of financial assets at fair value through profit or loss		(58,672)	40,760
Gain on disposal of financial assets at fair value through profit or loss		5,046	11,630
Unrealised fair value gain of derivative financial instruments	10	2,490	–
Impairment loss recognised in respect of loan receivables		(373)	(1,043)
Reversal of impairment loss recognised in respect of loan receivables		193	370
• PROFIT FROM OPERATIONS		4,545	53,359
Finance costs		(2,065)	(1,351)
• PROFIT BEFORE TAXATION	3	2,480	52,008
Income tax expenses	4	–	–
• PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,480	52,008
• PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		6,457	52,008
• NON-CONTROLLING INTERESTS		(3,977)	–
		2,480	52,008
• EARNINGS PER SHARE	6		
— Basic		HK0.16 cents	HK1.44 cents
— Diluted		HK0.15 cents	HK1.35 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
	Notes		
• NON-CURRENT ASSETS			
Fixed assets		4,267	4,104
Investment properties		248,000	236,000
Loan receivables	7	82,655	58,522
Deposits paid for the redevelopment project		6,100	4,356
Intangible assets		3,386	–
Available-for-sale investment		–	–
		344,408	302,982
• CURRENT ASSETS			
Inventories		326	361
Loan receivables	7	105,100	98,248
Trade receivables	8	26,630	47,389
Other receivables, deposits and prepayments	9	14,072	6,286
Derivative financial instruments	10	18,197	–
Financial assets at fair value through profit or loss		61,419	83,860
Tax recoverable		615	615
Client trust funds		88,330	74,031
Pledged bank deposits		6,324	6,307
Bank balances and cash		152,613	117,522
		473,626	434,619
• CURRENT LIABILITIES			
Trade payables	11	88,069	104,883
Other payables and accruals		5,821	5,196
Derivative financial instruments	10	15,707	–
Dividends payable		10,144	7,726
Promissory note payables	12	36,100	–
Borrowings		109,242	98,519
		265,083	216,324

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Notes		
• NET CURRENT ASSETS	<u>208,543</u>	218,295
• TOTAL ASSETS LESS CURRENT LIABILITIES	<u>552,951</u>	521,277
• NET ASSETS	<u>552,951</u>	521,277
• CAPITAL AND RESERVES		
Share capital	42,623	38,906
Reserves	<u>513,855</u>	481,921
• EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	556,478	520,827
• NON-CONTROLLING INTERESTS	<u>(3,527)</u>	450
• TOTAL EQUITY	<u>552,951</u>	521,277

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owners of the Company						Sub-total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Special capital reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000			
At 1 April 2015	38,906	84,483	7,480	571,147	551,049	(732,238)	520,827	450	521,277
Total comprehensive income for the period	-	-	-	-	-	6,457	6,457	(3,977)	2,480
Issue of scrip shares	180	3,788	-	-	-	-	3,968	-	3,968
Dividend recognised as distribution	-	-	-	-	(10,144)	-	(10,144)	-	(10,144)
Exercise of bonus warrants	3,537	31,833	-	-	-	-	35,370	-	35,370
At 30 September 2015	42,623	120,104	7,480	571,147	540,905	(725,781)	556,478	(3,527)	552,951
At 1 April 2014	35,694	55,581	7,480	571,147	565,121	(826,319)	408,704	-	408,704
Total comprehensive income for the period	-	-	-	-	-	52,008	52,008	-	52,008
Dividends recognised as distribution	-	-	-	-	(6,346)	-	(6,346)	-	(6,346)
Exercise of bonus warrants	1,794	16,149	-	-	-	-	17,943	-	17,943
At 30 September 2014	37,488	71,730	7,480	571,147	558,775	(774,311)	472,309	-	472,309

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(78,158)	26,386
Net cash generated from/(used in) investing activities	36,896	(3,932)
Net cash generated from financing activities	76,353	13,476
	<hr/>	<hr/>
Net increase in cash and cash equivalents	35,091	35,930
Cash and cash equivalents at 1 April	117,522	95,247
	<hr/>	<hr/>
Cash and cash equivalents at 30 September	152,613	131,177
	<hr/>	<hr/>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	152,613	131,177
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated financial statements of the Group have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Principal accounting policies

The condensed consolidated financial statements have been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2015.

Adoption of new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) effective in the Review Period

In the Review Period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 19 (2011)	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle

The application of the above amendments to HKFRSs in the Review Period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENTAL INFORMATION

Information reported to the Directors, 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. The Group's reportable segments under HKFRS 8 are as follows:

- the securities dealing, broking and other financing segment provides securities broking, margin financing, corporate finance and other financing services;
- 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 properties;
- the securities trading segment engages in the trading of securities or derivative securities; and
- the segment of others includes retail and trading of food products.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENTAL INFORMATION (Continued)

Other segment information For the six months ended 30 September 2015

	Securities dealing, broking and other financing HK\$'000	Mortgage financing HK\$'000	Property development and investment HK\$'000	Securities trading HK\$'000	Others HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measurement of segment profit or loss or segment assets:							
Change in fair value of investment property	-	-	12,000	-	-	-	12,000
Change in fair value of financial assets at fair value through profit or loss	-	-	-	(58,672)	-	-	(58,672)
Gain on disposal of financial assets at fair value through profit or loss	-	-	-	5,046	-	-	5,046
Unrealised fair value gain of derivative financial instruments	2,490	-	-	-	-	-	2,490
Impairment loss recognised in respect of other receivables	-	-	-	-	-	182	182
Impairment loss recognised in respect loan receivables	-	(373)	-	-	-	-	(373)
Reversal of impairment loss recognised in respect of loan receivables	-	193	-	-	-	-	193
Depreciation	(444)	(39)	(23)	-	(31)	(232)	(769)
Loss on disposals of fixed assets	(20)	-	-	-	-	-	(20)
Addition to non-current assets (note)	3,683	41	2,526	-	10	7	6,267
Amounts regularly provided to the chief operating decision makers but not included in the assessment of segment profit or loss or segment assets:							
Interest income	8	-	-	-	-	25	33
Finance costs	(591)	-	(900)	-	-	(574)	(2,065)
Income tax expenses	-	-	-	-	-	-	-

Note: It excluded the additions to loan receivables or available-for-sale investment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENTAL INFORMATION (Continued)

Other segment information (Continued)

For the six months ended 30 September 2014

	Securities dealing, broking and other financing HK\$'000	Mortgage financing HK\$'000	Property development and investment HK\$'000	Securities trading HK\$'000	Others HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measurement of segment profit or loss or segment assets:							
Change in fair value of financial assets at fair value through profit or loss	-	-	-	40,760	-	-	40,760
Gain on disposal of financial assets at fair value through profit or loss	-	-	-	11,630	-	-	11,630
Impairment loss recognised in respect of other receivables	-	(124)	-	-	-	-	(124)
Impairment loss recognised in respect of loan receivables	-	(1,043)	-	-	-	-	(1,043)
Reversal of impairment loss recognised in respect of other receivables	-	52	-	-	-	-	52
Reversal of impairment loss recognised in respect of loan receivables	-	370	-	-	-	-	370
Depreciation	(111)	(37)	-	-	(15)	(571)	(734)
Loss on disposals of fixed assets	-	-	-	-	-	1	1
Addition to non-current assets (note)	538	238	932	-	245	2,001	3,954
Amounts regularly provided to the chief operating decision makers but not included in the assessment of segment profit or loss or segment assets:							
Interest income	3	-	-	-	-	18	21
Finance costs	-	(174)	(164)	-	-	(1,013)	(1,351)
Income tax expenses	-	-	-	-	-	-	-

Note: It excluded the additions to loan receivables or available-for-sale investment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Depreciation	769	734
Staff costs	15,166	8,890

4. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made in the condensed consolidated financial statements as the Company and its subsidiaries either has available losses brought forward from the prior period to offset the assessable profits generated during the Review Period or did not generate any assessable profits arising in Hong Kong during the Review Period (2014: nil).

5. DIVIDENDS

The Board did not recommend a payment of an interim dividend for the Review Period. (2014: HK0.2 cents per share).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the Review Period is based on the following data:

Earnings:

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period attributable to the owners of the Company for the purposes of basic and diluted earnings per share	6,457	52,008

Number of shares:

	Six months ended 30 September	
	2015	2014
Weighted average number of ordinary shares in issue during the period for the purpose of basic earnings per share	4,098,213,877	3,604,765,726
Effect of dilutive potential ordinary shares — Bonus warrants	89,764,805	252,810,742
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,187,978,682	3,857,576,468

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. LOAN RECEIVABLES

	As at 30 September 2015 (Unaudited) HK\$'000	As at 31 March 2015 (Audited) HK\$'000
Securities dealing and broking services:		
— Secured margin loans	59,593	58,345
Less: Impairment loss recognised	(15,015)	(15,015)
	44,578	43,330
Financing business:		
— Unsecured loans	6,877	7,054
— Secured mortgage loans	144,734	114,640
Less: Impairment loss recognised	(8,434)	(8,254)
	143,177	113,440
	187,755	156,770
The Group's loan receivables (net of impairment loss) are analysed into:		
— Non-current assets	82,655	58,522
— Current assets	105,100	98,248
	187,755	156,770

There was no significant movement in the impairment of loan receivables during the Review Period. For the mortgage financing business, the balance of secured loans (net of impairment) was HK\$142,832,000 at 30 September 2015 (31 March 2015: HK\$113,040,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. LOAN RECEIVABLES (Continued)

No aged analysis on secured margin loans was disclosed, as it is the opinion of the Directors that an aged analysis does not give additional value in view of the nature of the securities margin financing business. The aged analysis of the Group's loan receivables net of impairment for the financing business based on contractual maturity dates is as follows:

	As at 30 September 2015 (Unaudited) HK\$'000	As at 31 March 2015 (Audited) HK\$'000
On demand or within 1 year	60,576	54,918
Over 1 year and up to 5 years	42,971	22,112
Over 5 years	39,630	36,410
	143,177	113,440

8. TRADE RECEIVABLES

	As at 30 September 2015 (Unaudited) HK\$'000	As at 31 March 2015 (Audited) HK\$'000
Balances in relation to:		
— Securities dealing and broking services	26,608	47,345
— Others	22	44
	26,630	47,389

An aged analysis of the Group's trade receivables based on the invoice dates is as follows:

Within 6 months	26,308	46,326
Over 6 months and up to 1 year	120	684
Over 1 year	202	379
	26,630	47,389

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2015 (Unaudited) HK\$'000	As at 31 March 2015 (Audited) HK\$'000
Promissory note receivable (note)	–	42,960
Deposits	10,352	2,766
Prepayments	683	1,061
Interest receivables	2,197	1,737
Other receivables	1,189	1,253
	14,421	49,777
Less: Impairment loss recognised	(349)	(43,491)
	14,072	6,286

Note: Reference is made to note 24 to the audited consolidated financial statements of the Company for the year ended 31 March 2015. During the Review Period, the Group had recovered the promissory note receivable of HK\$42,960,000 and had recognised it as other income in the Review Period.

10. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 September 2015 (Unaudited) HK\$'000	As at 31 March 2015 (Audited) HK\$'000
Assets	18,197	–
Liabilities	(15,707)	–
	2,490	–
Unrealised fair value gain	2,490	–

During the Review Period, to accommodate a client's request, the Group has constructed collar options on shares of a listed company in Hong Kong (the "Subject Company"). By entering into the collar options, the Group, in addition to the premium income, might protect it from unexpected decrease in share price of the Subject Company, or entitle to a profit sharing when the share price of the Subject Company increases. As at 30 September 2015, the assets and liabilities of the outstanding options were recorded and the net unrealised fair value gain of HK\$2,490,000 was recognised in the condensed consolidated statement of comprehensive income for the Review Period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE PAYABLES

	As at 30 September 2015 (Unaudited) HK\$'000	As at 31 March 2015 (Audited) HK\$'000
Balances in relation to:		
— Securities dealing and broking services (note)	87,838	104,652
— Others	231	231
	88,069	104,883

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

An aged analysis of the Group's trade payables excluding those under the securities dealing and broking services is as follows:

Within 6 months	4	5
Over 6 months and up to 1 year	—	—
Over 1 year	227	226
	231	231

12. PROMISSORY NOTE PAYABLES

As a way of obtaining additional working capital, the Group issued to subscribers unsecured promissory notes during the Review Period. These promissory notes bear interest at the range of 5% to 13.45% per annum and are repayable within one year. The Group shall be entitled to redeem the promissory notes before their expiration dates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. OPERATING LEASE ARRANGEMENTS

The Group acts as both lessor and lessee under operating leases. Details of the Group's commitments under non-cancellable operating leases are set out as follows:

(a) Lessor

The Group leases out its investment properties under operating leases, the tenancies of which will expire within one to two years. The turnover-related rental income received during the Review Period amounted to HK\$1,355,000 (2014: HK\$1,104,000).

At the end of the Review Period, the future aggregate minimum lease receipts under non-cancellable operating leases receivable by the Group were as follows:

	As at 30 September 2015 (Unaudited) HK\$'000	As at 31 March 2015 (Audited) HK\$'000
Within one year	1,726	2,236
In the second to fifth year, inclusive	1,022	1,868
	2,748	4,104

(b) Lessee

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

	As at 30 September 2015 (Unaudited) HK\$'000	As at 31 March 2015 (Audited) HK\$'000
Within one year	7,268	6,330
In the second to fifth year, inclusive	2,577	3,493
	9,845	9,823

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. CONTINGENT LIABILITIES

As at 30 September 2015, the Group had no material contingent liabilities.

15. SUBSEQUENT EVENT

Subsequent to the Review Period, the Company has issued 857,125,280 listed warrants to its shareholders. The subscription period is from 5 November 2015 to 4 November 2016. For more details, please refer to the announcement of the Company dated 4 November 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the Review Period, the Group recorded a turnover of HK\$104,422,000 as compared to the HK\$59,524,000 for the corresponding period in 2014. As a result of the unrealised loss from changes in fair value of financial assets at fair value through profit or loss, the Group registered a significant decrease in its net profit for the Review Period. As the changes in fair value of financial assets remained unrealised, it had no impact on the cash flow of the Group. Other than the losses from the proprietary trading of securities, the Group continued to make profits from its other major segments of businesses, e.g. brokerage, mortgage financing and property development and investment.

REVIEW OF OPERATIONS

- **Brokerage Business:**

As a financial service provider, the Group's broker firm Ever-Long Securities Company Limited benefited from the ample funds flow into the stock market in the second quarter of 2015. During the Review Period, the Hang Seng Index reached its record high since the 2008 financial crisis and the daily market turnover hit its historical high in April 2015. Thanks to that positive sentiment, the Group's brokerage commission and interest income have increased significantly by 105% and 58% respectively when compared to that in the corresponding period in 2014. The growth was in line with the Group's total securities dealing turnover for the Review Period, which had surged to HK\$6.6 billion, a rise of approximately 94%.

In the previous financial year, we introduced a sales promotional program pursuant to which we offered investors interest-free loans for the subscription of iBonds issued by the government of Hong Kong. The program was well received by clients. By virtue of such successful experience, we continued this marketing event for the new batch of government iBonds during the Review Period. Benefiting from this promotional event and the booming stock market condition, we have attracted 144 new account openings during the Review Period, which was an increase of more than 40% when compared to that in the second half of the 2014/2015 financial year.

In addition to the enhancement of our online trading platform, during the Review Period, we also launched the mobile application, "長雄證券", so that our clients might place orders through their mobile phones. To install this application, clients may search it using "everlong securities" in their mobile phones. To facilitate our clients in making investment orders, we would continue to provide our clients other value-added services.

MANAGEMENT DISCUSSION AND ANALYSIS

- **Mortgage Financing:**

Faced with the intense competition from the market, the Group had exercised a cautious approach for its mortgage financing business to strike a balance between the risk and reward. In light of the change of market environment, we adjusted our business strategy for new loan applications from time to time during the Review Period with a view to maintain a healthy loan portfolio.

To further expand our mortgage business, in addition to internal resources, we had extended our funding channels to obtain external facilities at a reasonable cost during the Review Period. As a result of this effort, the consolidated loan portfolio under the mortgage financing segment had reached HK\$144,734,000, representing an increase of 26% as compared to that at 31 March 2015. Taking advantage of our professional experience and our overdue payment management skills, notwithstanding the expansion of the loan portfolio, the impairment allowance continued to be maintained at its minimum level.

- **Property Development and Investment:**

We have obtained the government's approvals for our building plan for the redevelopment of our property located in Fei Ngo Shan during the Review Period. The building was demolished in July 2015, and the gross site area is more than 16,000 square feet. We believed that the fair value of our Fei Ngo Shan property would increase significantly after the redevelopment.

Other than the property under redevelopment, we also hold a residential property in Sai Kung and a commercial property in Central (the "**Central Property**"). The property in Central is next to the tram road. During the Review Period, we have completed the renovation works to this property. Both the residential property in Sai Kung and the commercial property in Central provide us a stable source of rental income.

PROSPECTS

Although investors are now concerned about the slowdown in the economic development in the PRC, we are of the view that the growth of the PRC's gross domestic product will still be maintained at a reasonable level, and the Central Government of the PRC will continue its restructuring of the economy and the financial market which are considered positive factors to the market. Hong Kong, a major international financial centre, will benefit from such reforms. Also, after the Shanghai-Hong Kong Stock Connect, we believe the Central Government will also introduce the Shenzhen-Hong Kong Stock Connect in the foreseeable future. To capture such opportunities, in addition to our existing brokerage business, we have planned to diversify our financial services to asset management and other corporate finance services, e.g. sponsor and merger and acquisition financial services.

MANAGEMENT DISCUSSION AND ANALYSIS

We expect that the growth momentum of real estate-backed loan service will sustain for a long period of time. However, to cope with the keen competition in the market, we will continue to reinforce our credit assessment of new loan applications, and forge our business strategy accordingly to adapt for market changes. To accommodate for the ever-increasing demand for our mortgage loans, in addition to our own internal resources, we will also continue to utilise an external facility to speed up our business development.

Despite the likelihood of the Federal Reserve increasing interest rates at the end of 2015 or early 2016, we expect that the first interest rate increase will likely be slight and followed by just a gradual pace on the ground that the considerable uncertainties still surround the outlook of economic activity in the United States. As such, we consider that the possible increase in interest rates would have no significant impact on the real estate in Hong Kong. On the other hand, due to the boost of cross-border financial activities, it is expected that there will be a huge demand for the commercial properties in Central which is expected to be a strong support to the rental value of properties in that district as well as the Central Property owned by us.

FINANCIAL REVIEW ON LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2015, the Group's net asset value was approximately HK\$552,951,000 (31 March 2015: approximately HK\$521,277,000) and cash at bank and in hand totaled approximately HK\$152,613,000 (31 March 2015: HK\$117,522,000) of which approximately 95.71% was held in Hong Kong dollar, approximately 4.05% in Renminbi and approximately 0.24% in US dollar.

Total borrowings including bank loans and promissory note payables as at 30 September 2015 amounted to approximately HK\$145,342,000 (31 March 2015: HK\$98,519,000), of which approximately HK\$38,620,000 (31 March 2015: HK\$4,476,000) were repayable within one year. All of the borrowings were denominated in Hong Kong dollar. During the Review Period, the interest rates for the bank borrowings were charged (i) on a monthly basis at the rates of 2.85% and 2.75% below the prime rate of 5.25% per annum for Hong Kong dollar quoted by the bank, and the effective rates were 2.4% and 2.5% per annum respectively; and (ii) on a quarterly basis at the rates of 2.875% and 3.05% over the 3-month Hong Kong Interbank Offered Rate respectively for each drawing. For the promissory notes issued by the Group, the interest rates were charged at the range of 5% to 13.45% per annum. The gearing ratio, being the ratio of total borrowings to shareholders' fund of approximately HK\$556,478,000, was about 0.26 (31 March 2015: 0.19).

As at 30 September 2015, time deposits totaling approximately HK\$6,324,000, investment properties with a total market value of approximately HK\$248,000,000 were pledged to banks to secure the banking facilities that were granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In the Review Period, the Group recorded unrealised losses of approximately HK\$58,672,000 for its holding of a portfolio of various listed securities, which comprised of 22 listed companies in sectors of (i) natural resources; (ii) banking; (iii) automobile; (iv) brokerage; (v) construction; (vi) property development and investment; and (vii) manufacture of air-conditioning and others. Out of those unrealised losses, (i) approximately 83% was attributable to the Group's investment in International Standard Resources Holdings Limited ("**ISRH**"); and (ii) approximately 4% was attributable to FDG Electric Vehicles Limited ("**FDG**").

ISRH is principally engaged in coalbed methane business, electronic components business and treasury business, and FDG is mainly engaged in (i) the research and development, production, distribution and sale of lithium-ion batteries and related products; (ii) the design, production and sale of electric vehicles; and (iii) the electric vehicle leasing business.

The Group believed that the decrease in share prices of ISRH and FDG during the Review Period, among other things, was because of the crash and underperformance of Hong Kong stock market during the Review Period, and also probably because of the drop in price of natural resources during the Review Period. In the long term, in light of future demand for natural resources and the emphasis on environmental protection, we believe that the coalbed methane business and the electric vehicles business in which ISRH and FDG are mainly engaged respectively will have prospects in the global market, and this will benefit the business development of ISRH and FDG and contribute positive return to the Group in the long run.

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 charged to customers will be determined based on these factors. Generally, margin loans will be demanded for repayment once a customer fails to maintain the maintenance margin or fails to repay the margin loan or another sum that is due to the Group.

For the mortgage financing business, mortgage loans will be granted to clients based on the aggregate market value of the pledged properties as confirmed by independent valuers. To lower the Group's risk exposure 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 who have acted in compliance with the SFO, has been set up to monitor the settlement matters of traded securities and cash, and to provide clients services of the regulated activities. Set out below is the information for the number of responsible officers of the Group for each regulated activity:

Type of licence	Regulated activity	Number of responsible officers
Type 1	Dealing in securities	6
Type 4	Advising on securities	4
Type 6	Advising on corporate finance	3
Type 9	Asset management	3

In order to safeguard clients' interests and comply with the requirements of the SFO, our monitoring team has carried out ongoing checks and verifications so that we are able to maintain our service standard at a satisfactory level. Our clients were satisfied with our services. During the Review Period, we have properly managed a total securities dealing turnover of approximately HK\$6.6 billion.

To maintain our strong internal controls system, we have four certified public accountants on our management team, three of whom are Board members. These individuals will monitor and advise the Group on its internal control matters. Under the mortgage financing business, we had mortgage loans of approximately HK\$144,734,000 as at 30 September 2015, and customers were satisfied with our services.

INTEREST RATE RISK

During the Review Period, all of the Group's borrowings were denominated in Hong Kong dollar, and its interest risk arises from interest payments which are charged according to floating interest rates with remaining repayment periods of over 17 years for certain of its borrowings. The Group monitors its interest rate exposure regularly to ensure that the underlying risk is within an acceptable range.

MANAGEMENT DISCUSSION AND ANALYSIS

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 realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements. As at 30 September 2015, the amount of undrawn banking facilities of the Group was approximately HK\$94 million.

FOREIGN EXCHANGE EXPOSURE

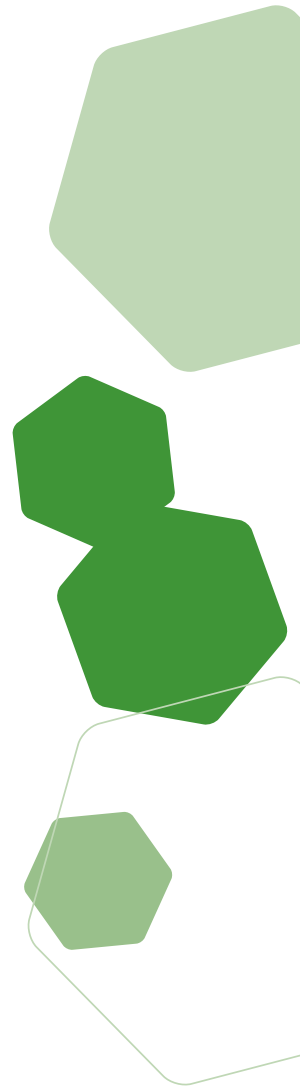
During the Review Period, the Group's business activities as well as its assets and liabilities were mainly denominated in Hong Kong dollar, US dollar and Renminbi. In light of the exchange rate peg between the Hong Kong dollar and US dollar, and the immaterial balance of assets and liabilities denominated in Renminbi when compared to the Group's total assets or liabilities, the Group considers its foreign exchange risk immaterial for the six months ended 30 September 2015. It is the Group's treasury policy to manage its foreign currency exposure to minimise any material financial impact to the Group.

STAFF

As at 30 September 2015, the Group had 87 staff members including part-time employees. During the Review Period, the Group's remuneration packages were structured with reference to prevailing market practice and individual merits. Salaries have been reviewed periodically based on the employees' performance appraisal and other relevant factors. The Group also maintains certain staff benefit plans including medical insurance, hospitalisation scheme, mandatory provident fund and share option scheme.

DIRECTORS' INTEREST IN SECURITIES

As at 30 September 2015, none of the Directors and chief executive of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which required notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken 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 Issuers.



SUBSTANTIAL SHAREHOLDERS

The Register of Substantial Shareholders maintained under Section 336 of the SFO shows that, as at 30 September 2015, the Company had been notified of the following interests in the Company:

	Number of ordinary shares of HK\$0.01 each	Shareholding percentage
Mr. Cheung Chi Shing (" Mr. Cheung ") (note 1)	899,643,237	21.11%
Ms. Yeung Han Yi Yvonne (" Ms. Yeung ") (note 2)	899,643,237	21.11%
Mr. Cheung Hoo Yin (note 3)	250,345,090	5.87%

Notes:

1. Mr. Cheung personally held 658,934,169 shares of the Company. As Mr. Cheung is the sole shareholder of K.Y. Limited ("**KY**"), he was deemed to have interest in 114,318,870 shares of the Company held by KY. Mr. Cheung is the spouse of Ms. Yeung and accordingly deemed to be interested in the 126,390,198 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 773,253,039 shares of the Company beneficially interested by Mr. Cheung.
3. Mr. Cheung Hoo Yin is the son of Mr. Cheung and Ms. Yeung

Save as disclosed herein, so far known to the Directors or chief executives of the Company, as at 30 September 2015, there was no other person had interests or short positions in the shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE

The Company is committed to uphold good corporate governance practices and considers effective corporate governance an essential element to the Group's success. To uphold that belief, the Company keeps enhancing its corporate governance.

During the Review Period, the Company has strictly complied with all of the code provisions in the Corporate Governance Code (the "**Code**") contained in Appendix 14 of the Listing Rules except that two independent non-executive Directors ("**INEDs**"), one of whom being the Chairman of the Company, did not attend the annual general meeting and a special general meeting held during the Review Period due to their personal engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code for securities transactions by Directors. All members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code during the Review Period.



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, employee, consultant, agent, contractor, customer or 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 INEDs.

The exercise price of the share options is determined by the Directors, however, the exercise price 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.

The share options do not confer rights onto the share option holders to receive dividends or vote at shareholders’ meetings.

Under the Scheme, there was no option granted, exercised, cancelled or lapsed during the Review Period.

As at 30 September 2015, the Company had no share options outstanding under the Scheme.

RELATED PARTY TRANSACTIONS

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

	Six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term benefits	1,464	1,379
Post-employment benefits	35	32
	1,499	1,411

The remuneration for Directors and key executives is determined by the Remuneration Committee, which takes into consideration the performance of the individual and market trends.

- (b) During the Review Period, the Group had the following material transactions with its related parties:

	Six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Rental income received from K.C. (Asset) Limited (note 1)	510	510
Fee income received from Mr. Woo Peter Ping ("Mr. Woo") (note 2)	178	–
Interest paid to Ms. Ng Kai Ning ("Ms. Ng") (note 3)	85	–
Interest paid to Ms. Inez Lee (note 4)	336	–

RELATED PARTY TRANSACTIONS

Note 1: K.C. (Asset) Limited is beneficially owned by Mr. Cheung, who is the father of Mr. Cheung Hoo Win ("**Mr. Hoowin Cheung**"), the executive Director and Chief Executive Officer of the Company. The director of the K.C. (Asset) Limited is Mr. Cheung Hoo Yin, the son of Mr. Cheung.

Note 2: Mr. Woo is a substantial shareholder of a non-wholly owned subsidiary of the Group and a director of certain subsidiaries of the Group.

Note 3: Ms. Ng is the daughter of Mr. Ng Yiu Chuen, an executive Director of the Company.

Note 4: Ms. Inez Lee is the wife of Mr. Woo.

During the Review Period, the Group also entered into the following option transactions with its related parties:

Date of confirmation	Type of option	Issuer of option	Holder of option	Exercise price	Subject Shares
1 April 2015	Put/call	The Group/ Mr. Woo	Mr. Woo/ The Group	HK\$0.462	10,000,000 shares of the Subject Company
10 April 2015	Put/call	The Group/ Mr. So (note)	Mr. So/ The Group	HK\$0.50	2,500,000 shares of the Subject Company
29 April 2015	Put/call	The Group/ Mr. Woo	Mr. Woo/ The Group	HK\$0.48	10,400,000 shares of the Subject Company

Note: Mr. So Han Meng Julian ("**Mr. So**") is a substantial shareholder of a non-wholly owned subsidiary of the Group.

RELATED PARTY TRANSACTIONS

- (c) Save as disclosed above, as at the end of the Review Period, the Group had the following material balances with its related parties:

	As at 30 September 2015 (Unaudited) HK\$'000	As at 31 March 2015 (Audited) HK\$'000
Trade receivables:		
Amount due from Mr. Hoowin Cheung (note 1)	936	–
Trade payables:		
Amount due to Mr. Cheung (note 2)	9,497	670
Amount due to Mr. Hoowin Cheung (note 2)	–	3,471
Amount due to Mr. Cheung Hoo Yin (note 2)	1,137	9,917
Amount due to Ms. Cheung Lok Chi ("Ms. Cheung") (notes 2 & 3)	87	85
Amount due to Elfie Limited (notes 2 & 4)	3,863	3,863
Promissory note payables:		
Amount due to Fintech Pte Limited ("Fintech") (notes 5 & 8)	500	–
Amount due to Ms. Ng (note 8)	5,800	–
Amount due to Ms. Inez Lee (note 8)	10,000	–
Amount due to Ms. Lee Nga Yee ("Ms. Lee") (notes 6 & 8)	1,000	–
Amount due to Ms. Lee King Yee Ivy ("Ms. Ivy Lee") (notes 7 & 8)	2,000	–

Note 1: The amount is secured on relevant listed shares held by Mr. Hoowin Cheung, and interest bearing at 3% plus prime rate per annum.

Note 2: The amount is unsecured, interest bearing at the bank deposit saving rate per annum and repayable on clients' demand.

Note 3: Ms. Cheung is the daughter of Mr. Cheung.

Note 4: Elfie Limited is beneficially owned by Mr. Cheung and Ms. Yeung, the spouse of Mr. Cheung. The directors of Elfie Limited are Mr. Hoowin Cheung, Ms. Cheung and Mr. Cheung Hoo Yin.

Note 5: Fintech is a company controlled by Mr. So.

Note 6: Ms. Lee is the wife of Mr. Ozorio Joseph Marian Laurence ("Mr. Ozorio"), who was a substantial shareholder of a non-wholly owned subsidiary of the Group during the Review Period.

Note 7: Ms. Ivy Lee is the sister-in-law of Mr. Ozorio.

Note 8: The interest rates for the promissory note payables are at the range from 5% to 13.45% per annum and are repayable within one year.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Review Period.

BONUS ISSUE OF WARRANTS

On 27 November 2013, the Board proposed an issue of bonus warrants to the shareholders of the Company on the basis of 2 warrants for every 10 shares (the "**Bonus Issue of Warrants**"). For details of the Bonus Issue of Warrants, please refer to the announcement of the Company dated 30 December 2013 ("**Announcement**"). On 27 January 2014, the shareholders approved the Bonus Issue of Warrants, pursuant to which 713,154,617 warrants were issued. The initial subscription price was HK\$0.10 and the subscription period was from 19 February 2014 to 18 August 2015 (both days inclusive). Full exercise of the subscription rights attaching to the 713,154,617 warrants would result in the issue of 713,154,617 new shares. As at 18 August 2015, 34,653,004 warrants were not exercised and have lapsed accordingly. Details of the exercise of warrants are set out as follows:

	Number of warrants	Amount HK\$'000
Number of warrants issued	713,154,617	71,315
Total warrants exercised during the years ended 31 March 2014 and 2015	(324,801,755)	(32,480)
At 1 April 2015	388,352,862	38,835
Warrants exercised during the Review Period	(353,699,858)	(35,370)
Balance of warrants lapsed	34,653,004	3,465

As disclosed in the Announcement, the Group will apply any subscription monies received as and when subscription rights are exercised towards the general working capital of the Group and potential investments as intended. As at 30 September 2015, a total amount of HK\$52,500,000 of the subscription monies had been used for general working capital of the Group, and the remaining balance was placed in a bank.

REVIEW BY AUDIT COMMITTEE

The Company has an audit committee comprising four INEDs. The audit committee has reviewed the unaudited interim financial statements for the Review Period and has discussed the financial related matters with the management.

On behalf of the Board
Zhao Qingji
 Chairman

Hong Kong, 26 November 2015



大凌集團有限公司
STYLAND HOLDINGS LIMITED

股份代號 Stock Code: 0211

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