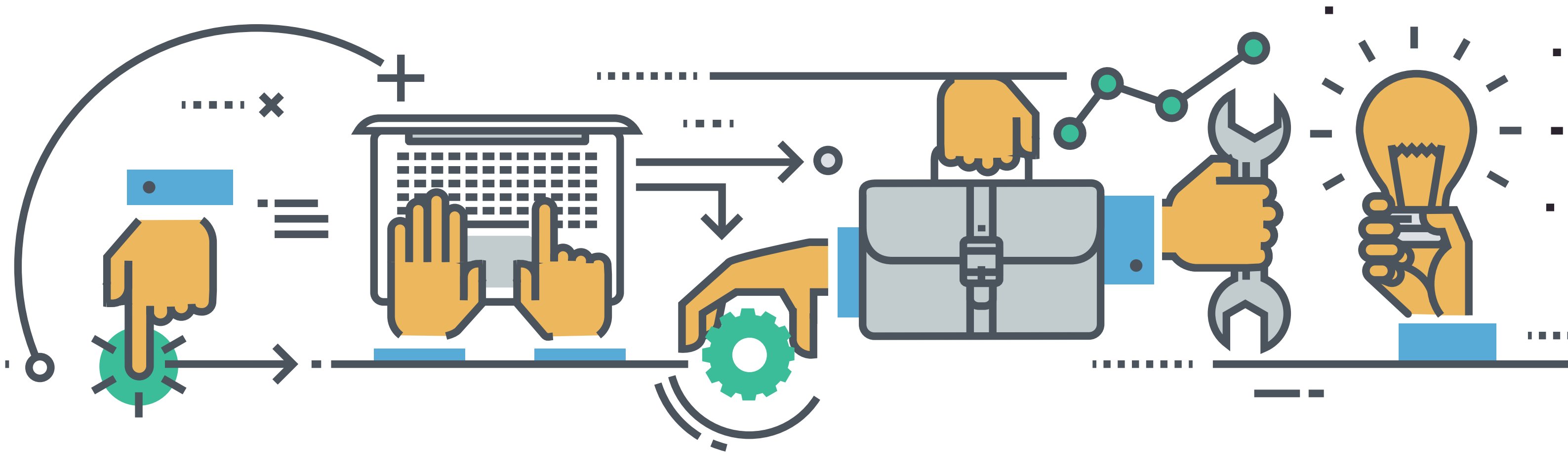
大凌集團有限公司
STYLAND HOLDINGS LIMITED
(股份代號 Stock Code: 0211)

心繫大凌 眾志成城
Working from the
Heart

2015/16 ANNUAL REPORT 年報



CONTENTS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RKING from the Heart

Working from the heart is a fundamental principle of our Group. **Working from the heart** entails carrying out the endeavors that we have decided to undertake with the whole of our hearts. We at Styland truly believe that when we put the entirety of our hearts into what we do, we are able to achieve the greatest results. As such, we have applied this principle to all areas of our business. We **work from the heart** to create the type of products and services that our customers want and need. We **work from the heart** to develop and implement the type of programs that let us bring value to our employees — programs that enable our employees to go further. Last but not least, we **work from the heart** to carry out socially responsible initiatives in view of making the world a better place.


LEA

from the Heart

We lead with our heads and our hearts. We **lead from the heart** to motivate our employees to be the best they can be. We learn about our employees' aspirations and goals to create the type of careers and programs for our employees that help them achieve what they want to achieve. To us, **leading from the heart** also entails caring deeply for our employees. To this end, we take the time to understand our employees as to enable ourselves to gain a thorough understanding of what makes our employees happy and how we can create job satisfaction for our employees.


LISTE
hi!

from the Heart

At Styland, we believe **listening from the heart** is important for operating a successful business. As such, we **listen attentively from the heart** to hear what our customers, employees, business partners, shareholders, warrant holders and other company stakeholders have to say. By **listening from the heart**, we apply our intuition in addition to our expertise, knowledge and wisdom to act with integrity and responsibility.

WHO WE ARE

Styland Holdings Limited ("Styland Holdings" or the "Company") and its subsidiaries (collectively referred to as the "Styland Group" or the "Group") are a Hong Kong based conglomerate that provides financial products and services as well as develops and invests in commercial and residential properties. The Styland Group's financial services arm Ever-Long Securities Company Limited is a pioneer in Hong Kong's financial industry with over 20 years of experience in providing quality financial solutions to individual, corporate and institutional clients. In FY2016, the Group launched its new business, the asset management services business in Hong Kong. The Group aims to deliver profitable growth to shareholders and other stakeholders through building strong businesses that yield competitive returns. Being a good corporate citizen is a fundamental part of the Group's core values. To this end, the Group contributes positively to society and the environment by participating in a variety of socially responsible initiatives on an on-going basis.

WHAT WE DO

Stock Broking	• Provide stock broking services to individual, corporate and institutional clients. • Provide stock broking services for Hong Kong-Shanghai Stock Connect transactions. • Provide online stock trading services.
Margin Financing	• Provide margin financing services to individual, corporate and institutional clients for trading stocks and other listed securities, and for subscribing to new shares in initial public offerings ("IPOs"). • Provide margin loans to qualifying online stock trading clients.
Corporate Finance	• Provide a broad range of corporate financing products and services to corporate clients. • Provide equity financing solutions such as new share placements and IPOs. • Provide debt financing solutions. • Act as the co-manager, placing agent or underwriter for corporate financing clients.
Asset Management	• Help clients develop and manage a well-diversified, carefully selected basket of investments. • Help clients obtain a competitive return on their investment. • Provide tailor-made asset management solutions to clients according to their investment profile and goals.
Mortgage Financing	• Provide loans to individuals, corporations and institutions that are secured by real estate collaterals.
Property Development & Investment	• Investment in residential and commercial properties. • Development of residential properties. • Focus on properties with a good rental yield and good appreciation prospects.

OUR VALUES

DELIVERING RESULTS

The Styland Group is a results-oriented organization. We aim to deliver good results to our shareholders and other stakeholders. We strive to deliver the most suitable financial solutions to our customers. It is our everyday focus to provide our customers the finest expertise, products and services in view of creating a wonderful customer experience.

ACTING WITH INTEGRITY

We act with the highest level of integrity. To us, this means doing what's right for our shareholders, warrant holders, customers, employees and other company stakeholders. Acting with integrity, to us, also means acting responsibly, that is, being a good corporate citizen that acts responsibly towards the environment and society.

CARING FOR PEOPLE

We value and care deeply about people. We do our best to provide our employees a great working environment. We care about our employees' personal development and implement employee programs that help our employees in some ways. We also care about our fellow citizens in our communities. We focus our efforts on caring for people who are underprivileged or disadvantaged by supporting them through our corporate social responsibility (CSR) initiatives.

Our strategy for GROWTH

We strive to generate growth for the Group by **building high growth businesses** that yield fruitful returns. We have an unwavering drive to **create excellence** in all areas of our business, and will continue to seek good opportunities that propel the Group to **greater success**.

CHAIRMAN'S STATEMENT

Dear Shareholders and Warrant Holders,

It is my pleasure to present to you our annual report for FY2016.

FY2016 — A CHALLENGING YEAR FOR STYLAND

FY2016 was a challenging year for Styland. The difficult condition that we faced in FY2016 was the turbulence in the Hong Kong stock market, evident by the sharp declines that we saw in the Hang Seng Index during the year. This put downward pressure on the value of the financial assets held by the Group.

FINANCIAL PERFORMANCE IN FY2016

The Group's turnover was up 7.5% to approximately HK$198,177,000. This increase in turnover was mainly attributable to the growth of the Group's mortgage financing and brokerage businesses. Although the Group recorded a significant unrealised loss in the fair value of financial assets held by the Group, our basket of investments in marketable securities, nevertheless, the Group managed to reap a profit attributable to the owners of the Company for FY2016.

Our cash position remained strong in FY2016. In fact, our cash position in FY2016 was an improvement compared to that in our previous financial years.

AGGRESSIVE MARKETING AND PROMOTIONAL CAMPAIGNS TO GROW BUSINESS

In FY2016, we aggressively went after new business by deploying several new marketing and promotional campaigns in our financial services business. One of these campaigns took place in our securities trading division, which launched a new securities trading mobile application, a user-friendly tool that we launched in FY2016. This mobile application allows clients to place securities trading orders via their mobile phones and other mobile devices.

Another marketing campaign that we implemented in our securities trading division during FY2016 was the promotion of the government iBonds. During the year, our account executives contacted our target market through telephone calls and face-to-face meetings to introduce the government iBonds to prospective customers.

Both of these marketing campaigns were successful and led us to win a significant volume of new securities trading client accounts in FY2016, as shown by the 28% increase in our new securities trading client account openings in FY2016.

In our margin lending business, we achieved good results in this business division during FY2016. In FY2016, our clients continued to show strong demand for our margin financing facilities. Given this favorable scenario, we were able to record a rise in interest income from margin financing activities of 73% in FY2016.

Our mortgage financing business also prospered in FY2016. During the year, we were able to obtain a greater volume of mortgage financing deals from our clients mainly because we offered more flexible financing arrangements to our clients than they were able to enjoy from banks. Due to this factor, some property owners came to us to obtain financing, which benefitted our mortgage financing business. In FY2016, our mortgage financing business recorded an increase in the balance of loan receivables of 35%.

LAUNCHED NEW BUSINESS IN FY2016 — ASSET MANAGEMENT SERVICES

In FY2016, we launched our asset management services to the market. We see much potential in this area due to the influx of wealthy individuals and high net worth corporations in the Asia Pacific region. Through this new business of ours, we have been licensed to offer asset management solutions to high net worth and ultra high net worth individuals, corporations and institutions. We are licensed to help clients manage and grow a well-diversified, carefully selected basket of investments. In our asset management business, we always aim to help our clients reach their goals. To further develop our asset management business, we have started to work on setting up a fund with clear target client strategies.

WORKING FROM THE HEART

One of the Group's fundamental principles is to work from the heart. This principle of ours was established back in 1977, at the time of Styland's founding by Mr. Cheung Chi Shing, who always believed whatever endeavors that we decide to undertake in life, we should carry them out with the whole of our hearts and not just half of our hearts because only when we put the entirety of our hearts into what we do, we are able to achieve the greatest results. Over the years, the Styland team has followed this principle. Today, when we do our business at Styland, we still work from the heart by applying all of our hearts into everything that we do for the Styland Group. In following Mr. Cheung's footsteps, we have genuinely worked from the heart in caring for our clients, employees, business partners and society. From the Group's corporate social responsibility standpoint, we are especially keen about working from the heart to lend a helpful hand to those who are disadvantaged or less fortunate in the communities where we operate.

CHAIRMAN'S STATEMENT

MOVING FULL STEAM AHEAD

We are moving full steam ahead to grow our core businesses. This involves getting everyone on board from upper management to middle management to lower management to work from the heart to take our businesses to a higher playing field. We will implement our key strategies for growth as well as put our best foot forward to grow our core businesses, businesses where we have a strong foundation. As a pioneer in the financial services business, we possess not only extensive expertise, but also a solid track record of successes in the financial market. We assure you our number one priority is to bring greater profitability and growth to Styland. With our strong determination and competitive edge in the market, we are confident we can make that happen in the near future.

APPRECIATION

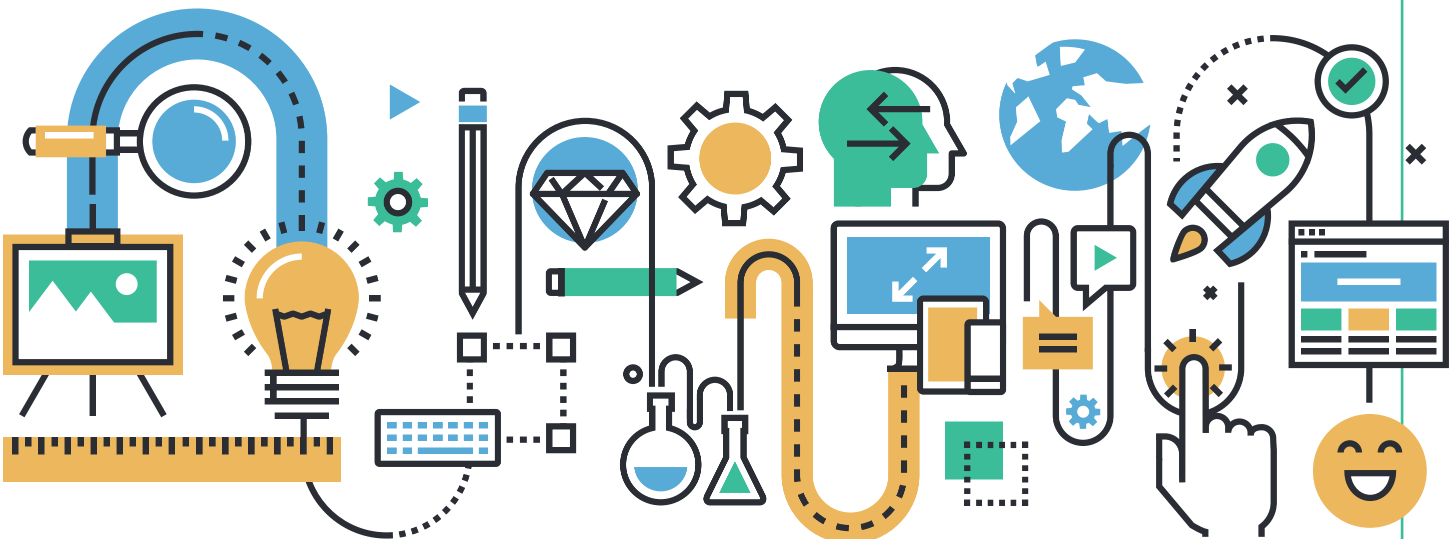
I proudly reflect upon all those years of hard work and unyielding passion that our employees have put into our organisation to make Styland what it is today-a fantastic place to work and the place where success stories are made.

To you, our valued shareholders and warrant holders, we thank you from the bottom of our hearts for placing your confidence in us. We will continue to work from the heart to lead Styland towards greater prosperity and profitability.

Zhao Qingji
Chairman

Hong Kong, 28 June 2016

MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW AND PROSPECTS

Results

In FY2016, the Group achieved a turnover of approximately HK$198,177,000, an increase of 7.5% compared to that in FY2015 (approximately HK$184,373,000 in FY2015). Although the Group recorded an unrealised loss in FY2016 which arose from the change in fair value of financial assets at fair value through profit and loss, the Group managed to reap a profit attributable to the owners of the Company for FY2016.

Review of Operations

Financial Services

The Group is a financial services provider. We have been granted the licenses by the Securities and Futures Commission (the "SFC") to carry out four regulated activities, namely Type 1 (Dealing in Securities), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management). Our wholly-owned subsidiary Ever-Long Securities Company Limited is a reputable broker firm in Hong Kong that offers clients a range of financial services such as securities brokerage, margin financing and corporate finance services. In FY2016, we augmented our business scope to include asset management services through our other wholly-owned subsidiary Ever-Long Capital Management Limited.

- *Securities Brokerage*

  During the first quarter of FY2016, the Hang Seng Index reached a record high since the 2008 financial crisis and the daily market turnover hit a historical high in April 2015 with a recorded turnover of over HK$200 billion within several consecutive trading days. However, the market was subsequently impacted by the deleverage of financing taken by the Chinese regulatory authority. As a result, the Hang Seng Index and the transaction volume of the Hong Kong stock market have both declined thereafter. Despite these changes in market conditions, the Group's brokerage commission for FY2016 still registered an increase of approximately 52% when compared to that in the corresponding period in FY2015. For FY2016, we recorded a total securities dealing turnover of approximately HK$9.2 billion, a rise of approximately 35% when compared to that in FY2015.

  During FY2016, to increase our competitiveness among other broker firms, we launched our mobile application "長雄證券" to enable our clients to place orders through their mobile phones. To install this application, clients may search it using "everlong securities" on their mobile phones. We kept improving our online trading system to provide our clients a more effective and stable online trading service. To facilitate our clients in making their investment orders, we plan to continue to offer our clients other value-added services.

  During FY2016, we strengthened our marketing and promotional programs. To encourage clients to place their orders through our online trading platform or mobile application, we offered new users of our mobile application our stock price quotation service free of charge during our promotional period in FY2016. Furthermore, by virtue of our previous successes in offering investors interest-free loans for the subscription of iBonds issued by the government of Hong Kong, we continued this marketing event for the new batch of government iBonds during FY2016. Benefitting from these promotional events and the booming stock market sentiment in the first quarter of FY2016, the number of new securities trading client accounts had increased by 28% in FY2016 when compared to that in FY2015.

- *Margin Financing*

  The Group provides margin financing services to individual and corporate clients for trading stocks and other listed securities, and for subscribing to new shares in initial public offerings. The Group also provides margin financing services to qualifying online clients who have a sound credit record. Our margin financing services increase clients' investment power and liquidity by enabling them to borrow against listed securities.

  Driven by the positive investment sentiment in the first quarter of FY2016, the demand for margin financing was strong. Supported by our sufficient financial resources, we achieved the maximum of our total loans under the brokerage business exceeding HK$100,000,000 in FY2016. Even though the stock market took a downturn after the first quarter of FY2016, we still earned an interest income of approximately HK$9,223,000 for FY2016, an increase of 73% when compared to that in FY2015.

- *Corporate Finance*
  We are dedicated to provide a broad range of corporate finance services to our corporate clients. Our corporate finance solutions include new share placements, distribution agent for debt securities and initial public offerings for which our wholly-owned subsidiary, Ever-Long Securities Company Limited, acts as the co-manager, placing agent or underwriter for corporate finance clients.

  During FY2016, we engaged in a number of corporate finance deals including acting as the placing agent for new shares, underwriting deals, as well as carrying out the arrangement service for the open offer of new shares. The commission income from the corporate finance exercises during the year amounted to approximately HK$8,564,000. In order to expand our corporate finance business, during FY2016, we appointed experienced responsible officers to explore other corporate finance advisory engagements. We have obtained the SFC's approval to release the licensing condition relating to a regulated activity of our corporate finance services. We are now able to provide our clients sponsor service in application for the listing of any securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

- *Asset Management*
  Since we obtained the SFC's approval, we have been licensed to offer asset management services. Benefitting from the reform of the PRC's financial market, we believe the cross-border financial activities will continue to flourish in the future, which will provide us a good opportunity to capture more business in our financial services sector. We expect that foreign investors will choose Hong Kong as a stepping stone for investing in the mainland market while mainland investors will also speed up their investment activities in overseas markets. We believe that Hong Kong will continue to play an important role as a bridge between them. To capture the opportunities arising from the Asian market, we have planned to set up a fund to offer tailor-made financial products to high net worth investors that provide them attractive financial solutions to make investments in different markets.

Mortgage Financing

Due to the prudent measures taken by the Hong Kong Monetary Authority on mortgage loans offered by banks in Hong Kong, the general public has more difficulties in obtaining mortgage loans from banks in Hong Kong. As a result, we believe there is still an immense market space of mortgage loans provided by financial companies. However, the Hong Kong property market has been surrounded by various uncertainties regarding property prices. As such, we have implemented various risk control measures for our mortgage loan business. To lower our exposure, we now only accept mortgage loans with the collaterals of private housing properties, and we target to obtain applications for the first-mortgage and second-mortgage loans. We believe that these strategies will help us maintain a healthy position in our mortgage loan portfolio.

In FY2016, we leveraged on external funding to expand our mortgage business. As a result, the net consolidated loan portfolio under the mortgage financing segment had reached approximately HK$152,546,000 at 31 March 2016, representing an increase of 35% compared to that at 31 March 2015. The mortgage loan interest income for FY2016 was approximately HK$31,607,000, a rise of 20% when compared to that for FY2015. Taking advantage of our professional experience and risk management skills, notwithstanding the significant increase of our loan portfolio, the impairment allowance was controlled at an acceptable level.

Property Development and Investment

We have obtained the government's approvals for our redevelopment plan of our investment property located in Fei Ngo Shan. The building was demolished during FY2016, and the gross site area is more than 16,000 square feet. We expect that the redevelopment would be completed in 2017.

Other than the property under redevelopment, we also hold a residential property in Sai Kung and a commercial property in Central. The property in Central is next to the tram road. During FY2016, 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.

Trading of Securities

During FY2016, we recorded net unrealised losses of approximately HK$53,035,000 for our holding of a portfolio of various listed securities, which comprised of 23 listed companies in sectors of (i) natural resources; (ii) industrials; (iii) financial; (iv) banking; (v) properties and construction; and (vi) consumer goods and others. Out of those net unrealised losses, (i) approximately 68% was attributable to the Group's investment in International Standard Resources Holdings Limited ("ISRH"); and (ii) approximately 8% was attributable to FDG Electric Vehicles Limited ("FDG").

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

The Group believed that the decrease in share prices of ISRH and FDG during FY2016, among other things, was because of the crash and underperformance of the Hong Kong stock market in FY2016, and also probably because of the drop in price of natural resources during the year. In the long term, in light of the future demand for natural resources and the emphasis on environmental protection, we believe that the coalbed methane business and the electric vehicle business which ISRH and FDG are mainly engaged in respectively will have good prospects in the global market. As such, we believe this will benefit the business development of ISRH and FDG and contribute positive returns to the Group in the future.

Prospects

Although investors are now concerned about the slowdown in the PRC's economic development, 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, the representative of the China Securities Regulatory Commission had expressed that the Shenzhen-Hong Kong Stock Connect may also be launched in the second half of the 2016 calendar year. To capture such opportunities, in addition to our existing brokerage business, we have planned to broaden our financial services to include asset management and other corporate finance services, e.g. sponsor service.

We expect that the growth momentum of real estate-backed loan service will be sustained for a long period of time. To accommodate the ever-increasing demand for our mortgage loans, in addition to our own internal resources, we will continue to utilise external facilities to support our mortgage financing business development. However, to cope with the keen competition in the market, we will continue to reinforce our credit assessment of new loan applications, and fine tune our business strategy from time to time to adapt for market changes.

Although the Federal Reserve raised interest rates at the end of 2015, we expect that further interest rate increases will likely be at a gradual pace due to the considerable uncertainties that still surround the outlook of global economic activities. As such, we consider that the Federal Reserve's shift in interest rates would have no significant immediate impact on the real estate market 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 property in the Central district of Hong Kong that is owned by us.

After the interaction with the mainland market, we believe the stock market will become more volatile in the foreseeable future. To cope with such an environment, we shall adjust our investment strategy accordingly to mitigate any loss due to the unstable market movement.

FINANCIAL REVIEW ON LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2016, the Group's net asset value was approximately HK$558,748,000 (FY2015: approximately HK$521,277,000) and cash at bank and in hand totaled approximately HK$135,833,000 of which approximately 94% was held in Hong Kong dollar, approximately 4% in Renminbi and approximately 2% in US dollar (FY2015: approximately HK$117,522,000).

Borrowings including bank loans and promissory note payables as at 31 March 2016 amounted to approximately HK$168,398,000 (FY2015: approximately HK$98,519,000) of which approximately HK$118,234,000 (FY2015: HK$4,476,000) is repayable within one year. The gearing ratio, being the ratio of total borrowings to shareholders' fund, was about 0.3 (FY2015: 0.19).

Investment in Financial Assets

Other than the holding of a portfolio of listed securities with market value of approximately HK$75,256,000 as at 31 March 2016 for the trading purpose, the Group did not make any other major investments during FY2016. The Group will continue to adopt a prudent approach for its investments.

Charges on Group Assets

As at 31 March 2016, time deposits of approximately HK$6,249,000 and investment properties at a total valuation of HK$283,333,000 were pledged to banks to secure the banking facilities that were granted to the Group.

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, 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 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.

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 on 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	5
Type 9	Asset management	2

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. During FY2016, the brokerage operation of the Group had complied with the SFO. Clients were satisfied with our services. During FY2016, we have properly managed a total securities trading turnover of approximately HK$9.2 billion.

To enhance the professionalism of the management force, the Group has four certified public accountants and three of them are board members who monitor or advise the Group on internal control matters. Under the mortgage financing business, we had on hand a net consolidated mortgage loans of approximately HK$152,546,000 as at 31 March 2016, and customers were satisfied with our services.

Interest Rate Risk

All of the Group's borrowings were denominated in Hong Kong dollar, and its risk arises from the interest payments which are partly charged according to floating interest rates. The Group monitors its interest rate exposure regularly to ensure that the underlying risk is within an acceptable range.

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 31 March 2016, the amount of undrawn banking facilities of the Group was approximately HK$113,109,000.

Foreign Exchange Exposure

During FY2016, 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 the 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 FY2016. 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 31 March 2016, the Group had 85 staff members including part-time 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, hospitalisation scheme, mandatory provident fund and share option scheme.

The emoluments of the directors of the Company (the "Directors") are determined by the Remuneration Committee as delegated by the Board of the Directors (the "Board"), with reference to market rates and respective Directors' experience, duties and responsibilities in the Group. None of the Directors are involved in deciding their own remuneration. The Group maintains the Continued Learning Sponsorship Scheme to sponsor the continuous professional development of the members of the Group including the Directors.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions or disposals of subsidiaries or associated companies during FY2016.

CONTINGENT LIABILITIES

As at 31 March 2016, the Group did not have any material contingent liabilities.

CORPORATE SOCIAL RESPONSIBILITY

As a good corporate citizen, the Group consistently upholds the values of its founder, Mr. Cheung Chi Shing, to care for the environment, its employees and the community. With that mission in mind, we have incorporated eco-friendly practices and social responsibility into our operations. We believe that our corporate social responsibility practices have benefitted not only society, but also our Group with respect to reducing our operational costs and enabling us to gain goodwill from carrying out our socially responsible initiatives.

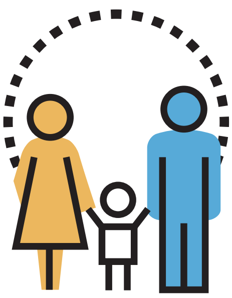
GIVING TO THE COMMUNITY

We have always regarded the act of giving to the community an important pursuit for us. As such, over the past years, we have participated in various charitable activities and have also provided aid to the needy. To support our chosen charitable organisations, we encourage our employees to participate in socially responsible events. During FY2016, the Group and its staff continued to participate in (i) ORBIS worldwide sight-saving mission 2015 in support of ORBIS's effort to help blind people; and (ii) Community Chest Skip Lunch Day 2016 for the benefit of street sleepers, residents in cage homes and cubicles; and for the first time, we supported (iii) Love Teeth Day 2015/2016, an event jointly organised by The Community Chest of Hong Kong, the Hong Kong Dental Association and the Department of Health. We supported this event to show our care to those in need.

Early 2015, a massive earthquake struck Nepal, causing widespread destruction. In response to the relief campaign carried out by a local charitable organisation, the Group made donations to support the rescue and relief work in Nepal in FY2016.

CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENTAL PROTECTION



Over the past years, we have actively promoted energy conservation and emission reduction. Our employees have been encouraged to make recommendations to the Group on ways to reduce wastage and save energy. A list of environmentally-friendly ways recommended by our employees is posted at the office. This will help raise our employees' awareness about environmental protection. In fostering the "green office" concept, we have implemented the tips provided by CLP. Some of the measures we have implemented include switching off the lights in the back-end area during lunch hours, using energy-saving electrical products and keeping the indoor temperature at the appropriate levels.

Other than our participation in the "Earth Hour" campaign hosted by WWF to support its call for reactions against climate change and raise public awareness of the issue, during FY2016, we also showed our support to the Lai See Recycle and Reuse Program 2016 organised by Greeners Action. The used Lai See packets were collected by our employees and sent to the organiser for sorting, repacking and redistributing to the general public and non-profit organisations to reuse.

EMPLOYEES' DEVELOPMENT AND OCCUPATIONAL HEALTH

Our employees are our most valued assets, thus we care immensely about their development, health and safety. We believe in higher education and life-long learning. To provide our employees with the opportunity to upgrade their work skills and expand their knowledge, we have maintained our Continued Learning Sponsorship Scheme into FY2016, pursuant to which each employee was entitled to an annual sponsorship of HK$10,000 for his or her continued learning. We believe that through this educational scheme, our employees are able to gain practical skills and knowledge that can further enhance their job performance. We believe that our businesses will benefit from providing this educational sponsorship scheme to our employees. Based on our previous experience in running this program, we have found that this type of program boosts employee morale and productivity. In addition, competitive remuneration packages with appropriate incentives are provided and implemented to attract and motivate employees.

To care about our employees' health including their mental health, we have continued to organise gatherings regularly with a view to foster harmony among our employees. In order to maintain the indoor air quality of the workplace at a high level, we grow a variety of plants at the office. Employees are also encouraged to keep potted plants on their desks. In addition, we have arranged to have our office's ventilation system cleaned regularly by a professional air-conditioning cleaning company. These measures have been implemented by our management team in view of creating a comfortable workplace for our employees.

REPORT OF THE DIRECTORS

The Directors present their report and audited financial statements of the Company and the Group for FY2016.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries consist of investment holdings, financial services, mortgage financing, property development and investment and trading of securities.

RESULTS AND DIVIDENDS

The Group's results for FY2016 and the state of affairs of the Group as at 31 March 2016 are set out in the consolidated financial statements on pages 48 to 126.

The Directors do not propose the payment of a final dividend for FY2016.

BUSINESS REVIEW

Details of the business review and future development of the Group, as well as its principal risks and uncertainties, are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

The financial risk management objectives and policies of the Group are laid out in note 7 to the consolidated financial statements.

Compliance with laws and regulations

During FY2016, as far as the Directors are aware, there were no material non-compliances with the applicable laws and regulations by the Group that has a significant impact on the Group's business and operations, which mainly included the SFO and Money Lenders Ordinance.

Environmental policy and performance

Details of the Group's environmental protection practices are set out in the subsection headed "Environmental Protection" under the section of "Corporate Social Responsibility" of this annual report.

Relationship with stakeholders

Employees are regarded as valuable assets of the Group. For the Group's key relationship with its employees, please refer to the subsection headed "Employees' Development and Occupational Health" under the section of "Corporate Social Responsibility" of this annual report.

Moreover, the Group understands the importance of maintaining good relationship with its clients and business partners. The Group continues to provide its clients value-added service and professional service under its licensed businesses and clients have been satisfied with our services. Also, the Group maintains good relationship with its referral agents which are vital for the development of our mortgage financing business.

REPORT OF THE DIRECTORS

FURNITURE AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in furniture and equipment 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 128.

SHARE CAPITAL

Details of movements in the share capital are set out in note 35 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-Laws of the Company (the "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 46(b) to the consolidated financial statements. Details of movements in the reserves of the Group during the year are set out on page 51.

DISTRIBUTABLE RESERVES

As at 31 March 2016, the Company's reserves available for distribution were HK$240,021,000. Under the laws of Bermuda, the Company's share premium account, in the amount of HK$133,237,000, may be distributed in the form of fully-paid bonus shares.

SUMMARY OF 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 127. This summary does not form part of the audited consolidated financial statements.

DIRECTORS

The Directors of the Company in FY2016 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. Li Hancheng
Mr. Yeung Shun Kee
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 (the "Annual General Meeting").

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 2016, none of the Directors and chief executive of the Company had any interest or short positions in the shares of the Company (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.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR 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 FY2016.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under Section 336 of the SFO shows that, as at 31 March 2016, the Company had been notified of the following interests in the Company:

	Number of shares	Underlying shares	Total	Percentage
Mr. Cheung Chi Shing ("Mr. Cheung") (Note1)	904,650,463	180,930,092	1,085,580,555	24.94%
Ms. Yeung Han Yi Yvonne ("Ms. Yeung") (Note 2)	904,650,463	180,930,092	1,085,580,555	24.94%
Mr. Cheung Hoo Yin (Note 3)	252,247,456	50,449,491	302,696,947	6.95%

Notes:

1. Mr. Cheung personally held 796,729,674 shares and underlying shares of the Company. As Mr. Cheung is the sole shareholder of K.Y. Limited ("KY"), he was deemed to have interests in 137,182,644 shares and underlying shares of the Company held by KY. Mr. Cheung is the spouse of Ms. Yeung and accordingly deemed to be interested in the 151,668,237 shares and underlying 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 933,912,318 shares and underlying shares beneficially interested by Mr. Cheung.

3. Mr. Cheung Hoo Yin is the son of the Mr. Cheung and Ms. Yeung.

BONUS ISSUE OF WARRANTS

Bonus Issue of Warrants — 2013

On 27 November 2013, the Board proposed an issue of bonus warrants to the shareholders of the Company (the "Shareholders") on the basis of 2 warrants for every 10 shares (the "Bonus Issue of Warrants — 2013"). For details of the Bonus Issue of Warrants — 2013, please refer to the announcement of the Company dated 30 December 2013. On 27 January 2014, the Shareholders approved the Bonus Issue of Warrants — 2013, 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 of 18 August 2015, 34,653,004 warrants were not exercised and had lapsed accordingly. Details of the exercise of Bonus Issue of Warrants — 2013 are set out as follows:

	Number of warrants	Amount HK$'000
Number of warrants issued	713,154,617	71,315
Exercised during the years ended 31 March 2014 and 2015	(324,801,755)	(32,480)
At 1 April 2015	388,352,862	38,835
Exercised during FY2016	(353,699,858)	(35,370)
Balance of warrants lapsed	34,653,004	3,465

As of 31 March 2016, a total amount of approximately HK$52,500,000 of the subscription monies under the Bonus Issue of Warrants — 2013 had been used for the general working capital of the Group as intended and the remaining balance was placed in a bank.

Bonus Issue of Warrants — 2015

On 14 July 2015, the Board proposed a new issue of bonus warrants to the Shareholders on the basis of 2 warrants for every 10 shares (the "Bonus Issue of Warrants — 2015"). For details of the Bonus Issue of Warrants — 2015, please refer to the announcement of the Company dated 14 July 2015 (the "Announcement"). On 20 August 2015, the Shareholders approved the Bonus Issue of Warrants — 2015, pursuant to which 857,125,280 new warrants were issued. The initial subscription price was HK$0.10 and the subscription period was from 5 November 2015 to 4 November 2016 (both days inclusive). Full exercise of the subscription rights attaching to the 857,125,280 new warrants would result in the issue of 857,125,280 new shares. As at 31 March 2016, details of the exercise of Bonus Issue of Warrants — 2015 are as follows:

	Number of warrants	Amount HK$'000
Number of new warrants issued	857,125,280	85,713
Exercised during FY2016	(67,378,080)	(6,738)
At 31 March 2016	789,747,200	78,975

As disclosed in the Announcement, the Group will apply any subscription monies received as and when subscription rights are exercised (the "Subscription Monies") towards the general working capital of the Group and potential investments to be identified. As at 31 March 2016, the Subscription Monies were placed in a bank.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") which enables 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 from 21 September 2012 (the "Adoption Date"), grant options to any director or employee, adviser, consultant, agent, contractor, customer and supplier of the Group so that they can subscribe for the shares of the Company.

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on the Adoption Date, the total number of shares which may be issued upon exercise of all the options to be granted under the Scheme and any other share option schemes of the Company is 370,977,308 shares representing 10% of the issued share capital of the Company as at the Adoption Date. No share options were granted during FY2016.

Further details of the Scheme are set out in the note 36 to the consolidated financial statements.

PURCHASE, REDEMPTION OR SALE 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 FY2016.

MAJOR CUSTOMERS

In FY2016, sales to the Group's single largest and five largest customers combined accounted for approximately 2% and approximately 7%, respectively, of the Group's total revenue. The Group's principal activities are providing financial services, mortgage financing and letting of investment properties. In the Directors' opinion, the Group has no major suppliers in light of the nature of the Group's businesses.

K. C. (Asset) Limited, a tenant of the Group and a company controlled by Mr. Cheung, was one of the five largest customers in FY2016.

Other than as mentioned above, none of the Directors 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.

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 32 to 39.

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 shares of the Company is sufficient.

EVENTS AFTER THE REPORTING PERIOD

No significant events affecting the Group have occurred since the end of the year ended 31 March 2016.

AUDITORS

UHY 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
Mak Kit Ping
Executive Director

Hong Kong, 28 June 2016

CORPORATE GOVERNANCE REPORT

The board of directors of the Company (the "Board") 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 FY2016, 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 (the "INEDs"), namely Mr. Zhao Qingji (Chairman), Mr. Yeung Shun Kee, Mr. Li Hancheng and Mr. Lo Tsz Fung Philip. The number of INEDs represents more than one third of the Board members. 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 judgment 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. After reviewing their confirmations on independency, the Company believes that they are still independent under Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

During FY2016, ten board meetings (including four regular board meetings to which 14 days' notice was given to all Directors) 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
Executive Directors:		
Mr. Cheung Hoo Win (Chief Executive Officer)	9/10 (note)	2/2
Mr. Ng Yiu Chuen	10/10	2/2
Ms. Mak Kit Ping	10/10	2/2
Ms. Zhang Yuyan	10/10	0/2
Ms. Chen Lili	9/10	0/2
Independent Non-Executive Directors		
Mr. Zhao Qingji (Chairman)	8/10	0/2
Mr. Yeung Shun Kee	10/10	2/2
Mr. Li Hancheng	10/10	0/2
Mr. Lo Tsz Fung Philip	10/10	2/2

Note: To avoid the conflict of interest, Mr. Cheung Hoo Win did not attend the board meeting for the discussion and approval for the tenancy agreement to be then entered between the Group and a company controlled by Mr. Cheung Chi Shing, the father of Mr. Cheung Hoo Win.

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. Due to their other business commitments, during FY2016, two INEDs, one of whom is the Chairman of the Board, were unable to attend the general meetings of the Company.

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 are reviewed from time to time to ensure that they meet the requirements of the Group's business development.

To ensure that the Directors' contribution to the Board remains informed and relevant, all Directors have participated in continuous professional development activities that are relevant to their performance of duties as Directors of the Company. According to the training records provided by the Directors, Ms. Mak Kit Ping, Ms. Zhang Yuyan, Ms. Chen Lili and Mr. Lo Tsz Fung Philip have also attended training courses, seminars or conferences to develop and refresh their knowledge and skills. In FY2016, relevant materials on legislative and regulatory updates were circulated to the Directors for them to update themselves on any changes of regulations. In addition, the Group has in place a continued learning sponsorship scheme to sponsor the Directors' continuous professional development.

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 the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

- to develop, review and monitor the code of conduct and compliance manual applicable to the employees and Directors; and

- to review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

In FY2016 and up to the date of this report, the Board has performed the corporate governance duties in accordance with its terms of reference.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy which sets out its approach to achieving diversity on the Board. The Company recognises that increasing the diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board while taking into account diversity.

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 results, 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.

Three Audit Committee meetings were held in FY2016. 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)	3/3
Mr. Zhao Qingji	2/3
Mr. Yeung Shun Kee	3/3
Mr. Li Hancheng	3/3

The Audit Committee had performed the following work in FY2016:

(i) reviewed and approved the audit scope and fees proposed by the external auditor for the annual audit for the year ended 31 March 2016;

(ii) discussed with the external auditor any major audit issues of the Group;

(iii) reviewed the change in accounting standards and assessment of potential impacts on the Group's consolidated financial statements;

(iv) 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 2015 and reviewed the audit committee report from the external auditor;

(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 2015;

(vi) reviewed the effectiveness of the internal controls system of the Group;

(vii) reviewed the adequacy of the resources, qualifications and experience of the staff from the Group's accounting and financial reporting function, and their training programmes and budget;

(viii) reviewed the Group's continuing connected transaction; and

(ix) reviewed the revised terms of reference of the Audit Committee.

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 the 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 all executive 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.

One Remuneration Committee meeting was held in FY2016. The attendance of each member of the Remuneration Committee is set out as follows:

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

The Remuneration Committee had performed the following work in FY2016:

(i) reviewed and approved the payment of bonus to certain executive Directors; and

(ii) reviewed and determined the increment in salary for the executive Directors and senior management.

Pursuant to the code provision of B.1.5 of the CG Code, details of the annual remuneration of the members of senior management by band for FY2016 are as follows:

	Number of employees
HK$400,000 to HK$700,000	2
HK$700,001 to HK$1,000,000	3

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 board diversity policy and 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 FY2016. 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	1/1
Mr. Yeung Shun Kee	1/1
Mr. Lo Tsz Fung Philip	1/1

The Nomination Committee had performed the following work in FY2016:

(i) reviewed the structure, size and composition of the Board to ensure they were suitable for the Group's corporate strategy and development;

(ii) reviewed and recommended for the Board's approval the proposed resolutions for re-election of the retiring Directors at the 2015 AGM;

(iii) reviewed the Board diversity policy; and

(iv) assessed the independence of the INEDs

Directors' Securities Transactions

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 in FY2016.

AUDITOR'S REMUNERATION

For FY2016, the remuneration paid or payable in respect of statutory audit services by the external auditor of the Company was approximately HK$830,000.

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.

Procedures for Sending Enquiries to the Board

Enquiries by the 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

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 the Company's branch share registrar in Hong Kong, Tricor Tengis Limited.

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 judgment 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 respectively. There were no significant changes in the Company's constitutional documents for FY2016.

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 FY2016, 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 FY2016.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 46 to 47 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 Company.

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

In FY2016, 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.

On behalf of the Board
Cheung Hoo Win
Chief Executive Officer

Hong Kong, 28 June 2016

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.

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
Level 22
Hopewell Centre
183 Queen's Road East
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 36, 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 57, joined the Group in 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 36 years of experience in the financing and asset management 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 certain subsidiaries of the Company.

MS. MAK KIT PING

Executive Director

Ms. Mak, aged 50, 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 23 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.

MS. ZHANG YUYAN

Executive Director

Ms. Zhang, aged 54, 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 34, 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 was a manager in the Risk Assurance Department, PricewaterhouseCoopers Consultancy (Shanghai) 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 43, 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.

MR. YEUNG SHUN KEE

Independent Non-Executive Director

Mr. Yeung, aged 57, 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.

BOARD OF DIRECTORS

MR. LI HANCHENG

Independent Non-Executive Director

Mr. Li, aged 53, 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 a senior judge. He possesses extensive experience and practice in law.

Mr. Li is a lawyer and the senior 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. Currently, Mr. Li is an independent director of Anbang Annuity Insurance Company Limited and an outside director of Beijing Electronics Holding Company Limited.

MR. LO TSZ FUNG PHILIP

Independent Non-Executive Director

Mr. Lo, aged 49, was appointed independent non-executive Director in 2009. He graduated from the University of Wollongong, NSW Australia in 1992 with a Bachelor of Commerce degree. Currently, Mr. Lo is an independent director of Dragon Jade International Limited, a company listed on OTCBB in the United States and the chief financial officer of China Keli Electric Company Limited, a company listed on Toronto Stock Exchange Venture in Canada. On 3 May 2016, Mr. Lo resigned as an independent director of QKL Stores, Inc., a company listed on NASDAQ (QKLS) in the United States.

Mr. Lo had several public service positions. He was a member of the standing committee of the Guangzhou Liwan District Committee of CPPCC in the years 2005 to 2007 and the vice president of the Council of Guangzhou Association of Enterprises with Foreign Investment in 2003.

Mr. Lo 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 68, joined the Group in 1996 as a director of Ever-Long Securities Company Limited, a wholly-owned subsidiary of the Company 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 ANDY

Director of Subsidiaries

Mr. Choy, aged 54, 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 26 years of experience in the securities business.

MR. MAK CHI HO

Associate Director

Mr. Mak, aged 44, 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 representative registered under the Securities and Futures Ordinance and has over 14 years of experience in securities analysis and corporate finance.

MS. HUNG LAI KAM DIANA

Director of a Subsidiary

Ms. Hung, aged 35, joined the Group as an associate director of a subsidiary in 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. She is a director of a wholly-owned subsidiary of the Company.

MR. WANG CHIN MONG

Financial Controller and Company Secretary

Mr. Wang, aged 44, 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

天道香港會計師事務所有限公司
UHY VOCATION HK CPA LIMITED
Certified Public Accountants

TO THE MEMBERS OF
STYLAND HOLDINGS LIMITED
大凌集團有限公司
(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 48 to 126, which comprise the consolidated statement of financial position as at 31 March 2016, 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 CONSOLIDATED 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.

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 financial position of the Group as at 31 March 2016, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

UHY Vocation HK CPA Limited
Certified Public Accountants
David Tze Ki Ng, Auditor
Practising Certificate Number P553

Hong Kong, 28 June 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Turnover	9	**198,177**	184,373
Revenue	9	**68,534**	57,885
Cost of sales	9	**(5,869)**	(4,788)
Gross profit	9	**62,665**	53,097
Other income	9	**49,748**	2,331
Administrative expenses		**(63,533)**	(42,397)
Selling and distribution expenses		**(6,517)**	(5,807)
Change in fair value of investment properties	18	**30,000**	30,000
Change in fair value of financial assets at fair value through profit or loss		**(53,035)**	43,959
(Loss)/gain on disposal of financial assets at fair value through profit or loss		**(3,601)**	15,393
Unrealised fair value gain of derivative financial instruments	27	**1,199**	–
Impairment loss recognised in respect of trade receivables	24	**(1,311)**	–
Impairment loss recognised in respect of loan receivables	23	**(16,329)**	(1,384)
Reversal of impairment loss recognised in respect of loan receivables	23	**250**	1,437
Finance costs	10	**(5,299)**	(2,548)
(Loss)/profit before taxation	11	**(5,763)**	94,081
Income tax expense	12	**–**	–
(Loss)/profit and total comprehensive income for the year		**(5,763)**	94,081
Profit/(loss) and total comprehensive income for the year attributable to			
— Owners of the Company		**1,247**	94,081
— Non-controlling interests		**(7,010)**	–
		(5,763)	94,081
Earnings per share			
— Basic	16	**HK0.03 cents**	HK2.51 cents
— Diluted	16	**HK0.03 cents**	HK2.34 cents

The notes on pages 54 to 126 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	Note	2016 HK$'000	2015 HK$'000
Non-current assets			
Furniture and equipment	17	**4,712**	4,104
Investment properties	18	**283,333**	236,000
Loan receivables	23	**55,815**	58,522
Deposits paid for the redevelopment project	19	**–**	4,356
Intangible asset	20	**3,386**	–
Available-for-sale investment	21	**–**	–
		347,246	302,982
Current assets			
Inventories	22	**35**	361
Loan receivables	23	**142,145**	98,248
Trade receivables	24	**26,082**	47,389
Other receivables, deposits and prepayments	25	**11,733**	6,286
Financial assets at fair value through profit or loss	26	**75,256**	83,860
Derivative financial instruments	27	**8,908**	–
Tax recoverable		**615**	615
Client trust funds	28	**50,068**	74,031
Pledged bank deposits	29	**6,249**	6,307
Bank balances and cash	30	**135,833**	117,522
		456,924	434,619
Current liabilities			
Trade payables	31	**61,936**	104,883
Other payables and accruals	32	**7,379**	5,196
Derivative financial instruments	27	**7,709**	–
Dividend payable		**–**	7,726
Promissory note payables	33	**50,250**	–
Bank loans	34	**118,148**	98,519
		245,422	216,324
Net current assets		**211,502**	218,295

The notes on pages 54 to 126 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	Note	2016 HK$'000	2015 HK$'000
Total assets less current liabilities		**558,748**	521,277
Net assets		**558,748**	521,277
Capital and reserves			
Share capital	35	**43,530**	38,906
Reserves		**521,778**	481,921
Equity attributable to the owners of the Company		**565,308**	520,827
Non-controlling interest		**(6,560)**	450
Total equity		**558,748**	521,277

Approved and authorised for issue by the Board of Directors on 28 June 2016 and signed on behalf by:

Ng Yiu Chuen
Executive Director

Mak Kit Ping
Executive Director

The notes on pages 54 to 126 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to the owners of the Company								
	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	Sub-Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
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 year	–	–	–	–	–	94,081	94,081	–	94,081
Capital contribution from non-controlling shareholders of subsidiary	–	–	–	–	–	–	–	450	450
Dividend recognised as distribution (Note 15)	–	–	–	–	(14,072)	–	(14,072)	–	(14,072)
Exercise of bonus warrants	3,212	28,902	–	–	–	–	32,114	–	32,114
At 31 March 2015 and 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 year	–	–	–	–	–	1,247	1,247	(7,010)	(5,763)
Shares issued in respect of scrip dividends	413	10,857	–	–	–	–	11,270	–	11,270
Dividend recognised as distribution (Note 15)	–	–	–	–	(10,144)	–	(10,144)	–	(10,144)
Exercise of bonus warrants	4,211	37,897	–	–	–	–	42,108	–	42,108
At 31 March 2016	43,530	133,237	7,480	571,147	540,905	(730,991)	565,308	(6,560)	558,748

The notes on pages 54 to 126 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	2016 HK$'000	2015 HK$'000
OPERATING ACTIVITIES		
(Loss)/profit before taxation	**(5,763)**	94,081
Adjustments for:		
Depreciation	**2,124**	1,717
Loss/(gain) on exchange difference, net	**98**	(12)
Finance costs	**5,299**	2,548
Loss on written-off of inventories	**50**	–
Interest income	**(87)**	(51)
Loss/(gain) on disposal of furniture and equipment	**163**	(40)
Change in fair value of financial assets at fair value through profit or loss	**53,035**	(43,959)
Change in fair value of investment properties	**(30,000)**	(30,000)
Unrealised fair value gain of derivative financial instruments	**(1,199)**	–
Impairment loss recognised in respect of trade receivable	**1,311**	–
Impairment loss recognised in respect of other receivables	**409**	124
Impairment loss recognised in respect of loan receivables	**16,329**	1,384
Reversal of impairment loss recognised in respect of other receivables	**(182)**	(176)
Reversal of impairment loss recognised in respect of loan receivables	**(250)**	(1,437)
Operating cash flows before movements in working capital	**41,337**	24,179
Decrease/(increase) in inventories	**276**	(31)
Decrease/(increase) in trade receivables	**19,996**	(31,400)
Increase in loan receivables	**(57,269)**	(15,293)
Increase in other receivables, deposits, and prepayments	**(1,843)**	(1,149)
(Increase)/decrease in financial assets at fair value through profit or loss	**(44,431)**	6,282
Decrease/(increase) in client trust funds	**23,963**	(27,950)
(Decrease)/increase in trade payables	**(42,947)**	56,744
Increase/(decrease) in other payables and accruals	**2,173**	(284)
Cash (used in)/generated from operations	**(58,745)**	11,098
Hong Kong Profits Tax paid	**–**	(615)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**(58,745)**	10,483

The notes on pages 54 to 126 are an integral part of these consolidated financial statements.

	2016 HK$'000	2015 HK$'000
INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash acquired	**(3,398)**	–
Interest received	**87**	51
Proceeds from disposals of furniture and equipment	**3**	254
Acquisition of furniture and equipment	**(2,898)**	(4,759)
Increase in promissory note receivables	**(3,809)**	–
Deposits paid for the redevelopment project	**(12,977)**	(2,081)
NET CASH USED IN INVESTING ACTIVITIES	**(22,992)**	(6,535)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	**101,448**	18,000
Repayments of bank borrowings and other borrowings	**(81,819)**	(18,392)
Interest paid	**(5,299)**	(2,548)
Increase in promissory note payables	**50,250**	–
Increase in pledged bank deposits	**(40)**	(27)
Dividend paid	**(6,600)**	(11,270)
Contribution from non-controlling shareholders of subsidiary	**–**	450
Proceeds from issue of shares	**42,108**	32,114
NET CASH GENERATED FROM FINANCING ACTIVITIES	**100,048**	18,327
NET INCREASE IN CASH AND CASH EQUIVALENTS	**18,311**	22,275
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**117,522**	95,247
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Bank balances and cash	**135,833**	117,522

The notes on pages 54 to 126 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 dollar ("HK$"), which is also the functional currency of the Company. Figures are rounded up to the nearest thousand unless otherwise specified.

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 44.

These consolidated financial statements have been approved for issue by the Board of Directors on 28 June 2016.

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.

Amendment to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements 2011–2013 Cycle

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

3. NEW AND REVISED HKFRSs 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 consolidated financial statements.

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15 (revised)	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27 (2011)	Equity method in separate financial statements[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[1]
Amendment to HKFRSs	Annual Improvements 2012–2014 Cycle[1]

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 2016. 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 t have 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.

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019

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 convention, as modified by the available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties, which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristic of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

— Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

— Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

— Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

— has power over the investee;

— is exposed, or has rights, to variable returns from its involvement with the investee; and

— has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interest in subsidiaries are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Non-controlling interest in the results of the Group are presented on the face of the consolidated statement of comprehensive income and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

The Group operates the "Customer Loyalty Programme" where certain customers accumulate points for purchases made which entitle them to purchase goods for free. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale such that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed or expired. The amount of initial revenue recognised is based on the number of points redeemed relative to the total number expected to be redeemed. As at 31 March 2016, there was no material deferred revenue.

Revenue is recognised in the consolidated statement of comprehensive income on the following basis:

(a) revenue from sales of goods is recognised on the transfer of significant risk and rewards of the ownership which generally coincides with the time when the goods are delivered and title has passed to the customers;

(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;

(f) consultancy, financing advisory and placing service income are recognised when services are provided;

(g) revenue from consignment sales is recognised by the shipper when the goods are sold by recipient to and third party; and

(h) rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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.

Furniture and equipment

Furniture and equipment held for use in the production or supply of services, or for administrative purposes, are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Furniture and equipment *(Continued)*

Depreciation of furniture and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the statement of comprehensive income.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effective of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible 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. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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 (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity 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 (other than financial assets or financial liabilities at fair value through profit or loss) 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 profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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.

Financial assets at 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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).

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 equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss of financial assets (Continued)

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 certain categories of loans and receivables, 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, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's 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 trade 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 trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Equity instruments (Continued)

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale; issue or cancellation of the Company's own equity instruments.

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, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade payables, other payables and accruals, dividend payable, promissory note payables and bank loans are subsequently measured at amortised cost, using the effective interest rate method.

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 revaluated 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.

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 before taxation as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and 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 bases 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 deferred tax 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. In addition, deferred tax liabilities are note recognised if the temporary difference arises from the initial recognition of goodwill.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the economic benefits embodied in the properties will be recovered).

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the parent of the Group.

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

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 making operational decision and allocating resources and assessing performance of the operating segments, has been identified as the Board 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.

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 furniture and equipment

The Group's carrying values of furniture and equipment as at 31 March 2016 was approximately HK$4,712,000 (2015: HK$4,104,000). The Group depreciates the furniture and equipment over the estimated useful lives, using the straight line method, at the rate of 15-25% per annum, commencing from the date the furniture and equipment 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 furniture and equipment. The Group assesses annually the useful lives of furniture and equipment 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.

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 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 recognised 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 to deteriorate, resulting in impairment of their ability to make payments, additional impairment may be required.

As at 31 March 2016, the carrying amount of trade receivables is approximately HK$26,082,000 (net of accumulated impairment loss of approximately HK$1,311,000) (2015: HK$47,389,000 (net of accumulated impairment loss of approximately HK$Nil)); the carrying amount of loan receivables is approximately HK$197,960,000 (net of accumulated impairment loss of approximately HK$39,348,000) (2015: HK$156,770,000 (net of accumulated impairment loss of approximately HK$23,269,000)); the carrying amount of promissory note receivable is HK$3,809,000 (net of accumulated impairment loss of HK$Nil) (2015: HK$Nil (net of accumulated impairment loss of HK$42,960,000)).

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. The management would determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of assets.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Fair value measurements and valuation processes *(Continued)*

Investment properties are carried in the consolidated statement of financial position as at 31 March 2016 at the fair value of approximately HK$283,333,000 (2015: HK$236,000,000). The fair value was based on valuation on the properties conducted by an independent firm of professional valuer using direct comparison or investment method 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.

Note 18 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value.

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 brokerage 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 compiled with respective minimum capital requirements. No changes were made in the objective, policies or processes for managing capital during the years ended 31 March 2016 and 2015.

The capital structure of the Group consists of debts which included the bank loans as disclosed in note 34, cash and cash equivalents as disclosed in note 30 and equity attributable to owners of the Company, comprising issued share capital as disclosed in note 35 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 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 2016 and 2015.

7. FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	2016 HK$'000	2015 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
— held for trading investments	**75,256**	83,860
Derivative		
— derivative financial instruments	**8,908**	–
Loans and receivables		
— loan receivables	**197,960**	156,770
— trade receivables	**26,082**	47,389
— other receivables and refundable deposits	**6,706**	5,225
— client trust funds	**50,068**	74,031
— pledged bank deposits	**6,249**	6,307
— bank balances and cash	**135,833**	117,522
	422,898	407,244
Held-to-maturity investment		
— promissory note receivables	**3,809**	–
	510,871	491,104

7. FINANCIAL RISK MANAGEMENT *(Continued)*

Categories of financial instruments *(Continued)*

	2016 HK$'000	2015 HK$'000
Financial liabilities		
Derivative		
— derivative financial instruments	**7,709**	–
Other financial liabilities at amortised cost		
— trade payables	**61,936**	104,883
— other payables and accruals	**7,379**	5,196
— promissory note payables	**50,250**	–
— bank loans	**118,148**	98,519
— dividend payable	**–**	7,726
	245,422	216,324

Financial risk management objectives and policies

The Group's financial instruments include financial assets at fair value through profit or loss, derivative financial instruments, loan receivables, trade receivables, promissory note receivable, other receivables and deposits, client trust funds, pledged bank deposits, bank balances and cash, available-for-sale investments, trade payables, promissory note payable, other payables and accruals, dividend payable and bank loans. 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.

Financial risk management objectives and policies

(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 entity. 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.

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 30) 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% (2015: 5%) increase and decrease in RMB against HK$. For a 5% (2015: 5%) weakening of RMB against HK$, there would be a decrease in post-tax profit by HK$252,000 (2015: HK$258,000). For a 5% (2015: 5%) strengthening of RMB against HK$, 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 fixed-rate pledged bank deposits (see note 29 for details).

The Group is also exposed to cash flow interest rate risk in relation to loan receivables, promissory note receivable, client trust funds, bank balances, trade payables, promissory note payables and bank loans (see notes 23, 25, 28, 30, 31, 33 and 34 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.

7. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk management objectives and policies *(Continued)*

(a) Market risk *(Continued)*

(ii) Interest rate risk (Continued)

The sensitivity analysis below has been determined based on the exposure to interest rates for loan receivables, promissory note receivables, client trust funds, bank balances, trade payables, promissory note payable and bank loans 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 (2015: 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 (2015:100) basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2016 would increase/decrease by HK$1,574,000 (2015: HK$1,451,000).

(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 26) as at 31 March 2016. The Group's listed investments are listed on the Stock Exchange 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% (2015: 5%) higher/lower, the post-tax profit for the year ended 31 March 2016 would increase/decrease by approximately HK$3,142,000 (2015: HK3,501,000) for the Group, as a result of the changes in fair value of financial assets classified as FVTPL.

7. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk management objectives and policies *(Continued)*

(b) Credit risk

As at 31 March 2016, 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.

For the securities dealing, brokerage 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 20% (2015: 60 %) and 52% (2015: 81%) 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% (2015: 100%) of the total trade receivables as at 31 March 2016.

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.

7. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk management objectives and policies *(Continued)*

(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.

Due to the inclusion of a repayment on demand clause in the respective facilities agreements, such portion of secured bank loans, amounted to approximately HK$50,164,000 (2015: HK$94,043,000) with a contractual repayment terms maturing more than one year, were classified as current liabilities as at 31 March 2016.

In respect of the Group's securities dealing and brokerage 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.

Liquidity tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities as at 31 March 2016 and 2015. 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.

In addition, the table for information as at 31 March 2016 also detailed the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash flows on derivative instruments that settle on a net basis. The derivative financial instruments were denominated in HK$. The liquidity analysis for the Group's derivative financial instruments prepared based on the contractual maturities of the contracts as the management consider that the contractual maturities of the contracts were essential for an understanding of the timing of the cash flows of derivatives.

7. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk management objectives and policies *(Continued)*

(c) Liquidity risk *(Continued)*

As at 31 March 2016

	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
Non-derivative financial liabilities						
Trade payables		**61,936**	**–**	**–**	**61,936**	**61,936**
Other payables and accruals		**7,379**	**–**	**–**	**7,379**	**7,379**
Promissory note payables		**50,250**	**–**	**–**	**50,250**	**50,250**
Bank loans*	2.5%–3.6%	**118,148**	**–**	**–**	**118,148**	**118,148**
		237,713	**–**	**–**	**237,713**	**237,713**
Derivatives						
Derivative financial instruments		**7,709**	**–**	**–**	**7,709**	**7,709**

As at 31 March 2015

	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
Non-derivative financial liabilities						
Trade payables		104,883	–	–	104,883	104,883
Other payables and accruals		5,196	–	–	5,196	5,196
Dividend payable		7,726	–	–	7,726	7,726
Bank loans*	2.4%–2.5%	98,519	–	–	98,519	98,519
		216,324	–	–	216,324	216,324

* 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".

7. FINANCIAL RISK MANAGEMENT *(Continued)*

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.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides and 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).

7. FINANCIAL RISK MANAGEMENT *(Continued)*

Fair value *(Continued)*

Fair value measurements recognised in the consolidated statement of financial position *(Continued)*

As at 31 March 2016

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Financial assets at fair value through profit or loss	**75,256**	**–**	**–**	**75,256**
Derivative financial instruments	**–**	**8,908**	**–**	**8,908**
	75,256	**8,908**	**–**	**84,164**

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Liabilities				
Derivative financial instruments	**–**	**7,709**	**–**	**7,709**

As at 31 March 2015

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at fair value through profit or loss	83,860	–	–	83,860

There were no transfers between levels 1 and 2 during the year.

8. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. With the expansion of the business scope of the Group, the segment of "securities dealing, brokerage and other financing" was renamed as "financial services". The Group's reportable segments under HKFRS 8 are as follows:

— the financial services segment provides securities dealing, brokerage, margin financing, corporate finance, asset management 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 trading of securities segment engages in trading of shares and derivative securities; and

— the segment of others includes retail and trading of food products.

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 2016

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Trading of securities HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment revenues:							
External sales	33,073	31,607	2,804	252	798	–	68,534
Inter-segment sales	538	–	–	–	201	(739)	–
	33,611	31,607	2,804	252	999	(739)	68,534
Segment (loss)/profit after inter-segment transactions	(13,541)	14,905	31,209	(57,637)	(3,194)	–	(28,258)
Unallocated income and expenses							22,495
Loss before taxation							(5,763)

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 2015

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Trading of securities HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment revenues:							
External sales	28,160	26,395	2,215	296	819	–	57,885
Inter-segment sales	371	–	–	–	149	(520)	–
	28,531	26,395	2,215	296	968	(520)	57,885
Segment profit/(loss) after inter-segment transactions	4,681	19,648	31,142	59,346	(3,179)	–	111,638
Unallocated income and expenses							(17,557)
Profit before taxation							94,081

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.

8. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The segment assets and liabilities as at 31 March 2016 by reportable segments are as follows:

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Trading of securities HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
Segment assets	**143,267**	**155,615**	**284,197**	**75,256**	**648**	**145,187**	**804,170**
Segment liabilities	**81,336**	**43,711**	**951**	**5**	**151**	**119,268**	**245,422**

The segment assets and liabilities as at 31 March 2015 by reportable segments are as follows:

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Trading of securities HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
Segment assets	169,126	115,844	240,507	83,860	1,168	127,096	737,601
Segment liabilities	107,410	639	753	5	292	107,225	216,324

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 furniture and equipment, and unallocated other receivables, deposits and prepayments; and

— all liabilities are allocated to reportable segments other than bank loans and unallocated other payables and accruals.

8. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 March 2016

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Trading of securities HK$'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 properties	-	-	30,000	-	-	-	30,000
Change in fair value of financial assets at fair value through profit or loss	-	-	-	(53,035)	-	-	(53,035)
Loss on disposal of financial assets at fair value through profit or loss	-	-	-	(3,601)	-	-	(3,601)
Impairment loss recognised in respect of other receivables	-	(409)	-	-	-	-	(409)
Reversal of impairment loss recognised in respect of other receivables	-	-	-	-	-	182	182
Impairment loss recognised in respect of trade receivables	(1,311)	-	-	-	-	-	(1,311)
Impairment loss recognised in respect of loan receivables	(8,038)	(8,291)	-	-	-	-	(16,329)
Reversal of impairment loss recognised in respect of loan receivables	9	241	-	-	-	-	250
Bad debt recovery for loan receivables	96	-	-	-	-	-	96
Unrealised fair value gain of derivative financial instrument	1,199	-	-	-	-	-	1,199
Depreciation	(1,424)	(84)	(118)	-	(62)	(436)	(2,124)
(Loss)/gain on exchange difference, net	(8)	-	-	-	12	(98)	(94)
Loss on disposal of furniture and equipment	(21)	-	-	-	(142)	-	(163)
Additions to non-current assets (note)	1,983	94	13,763	-	12	16	15,868
Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:							
Interest income	21	-	1	-	-	65	87
Finance costs	(1,917)	(405)	(2,026)	-	-	(951)	(5,299)
Income tax expense	-	-	-	-	-	-	-

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

8. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 March 2015

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Trading of securities HK$'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 properties	–	–	30,000	–	–	–	30,000
Change in fair value of financial assets at fair value through profit or loss	–	–	–	43,959	–	–	43,959
Gain on disposal of financial assets at fair value through profit or loss	–	–	–	15,393	–	–	15,393
Impairment loss recognised in respect of other receivables	–	(124)	–	–	–	–	(124)
Reversal of impairment loss recognised in respect of other receivables	–	176	–	–	–	–	176
Impairment loss recognised in respect of loan receivables	(311)	(1,073)	–	–	–	–	(1,384)
Reversal of impairment loss recognised in respect of loan receivables	6	1,431	–	–	–	–	1,437
Bad debt recovery for loan receivables	96	–	–	–	–	–	96
Depreciation	(835)	(76)	(4)	–	(46)	(756)	(1,717)
Gain on exchange difference, net	–	–	–	–	–	12	12
(Loss)/gain on disposal of furniture and equipment	(4)	–	–	–	(8)	52	40
Additions to non-current assets (note)	2,123	238	2,167	–	303	2,009	6,840
Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:							
Interest income	8	–	–	–	–	43	51
Finance costs	(3)	(173)	(384)	–	–	(1,988)	(2,548)
Income tax expense	–	–	–	–	–	–	–

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

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:

	2016 HK$'000	2015 HK$'000
Commission and brokerage income from securities dealing	**23,850**	22,834
Interest income from margin and other financing	**9,223**	5,326
Interest income from mortgage financing	**31,607**	26,395
Rental income	**2,804**	2,215
Dividend income	**252**	296
Sales of foods	**798**	819
	68,534	57,885

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	
	2016 HK$'000	2015 HK$'000	2016 HK$'000	2015 HK$'000
Hong Kong	**68,534**	57,885	**288,045**	244,460

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

Information about major customers

For the years ended 31 March 2016 and 2015, none of the customer individually accounted for over 10% of the Group's total revenue.

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, margin and other financing, interest income from mortgage financing, dividend income, rental income and sales of goods are analysed as follows:

	2016 HK$'000	2015 HK$'000
Turnover comprises:		
Proceeds from investments held for trading	**129,643**	126,488
Commission and brokerage income from securities dealing	**23,850**	22,834
Interest income from margin and other financing	**9,223**	5,326
Interest income from mortgage financing	**31,607**	26,395
Dividend income	**252**	296
Rental income	**2,804**	2,215
Sales of goods	**798**	819
	198,177	184,373
Revenue comprises:		
Commission and brokerage income from securities dealing	**23,850**	22,834
Interest income from margin and other financing	**9,223**	5,326
Interest income from mortgage financing	**31,607**	26,395
Dividend income	**252**	296
Rental income	**2,804**	2,215
Sales of goods	**798**	819
	68,534	57,885
Cost of sales comprises:		
Direct cost in respect of securities brokerage business	**5,282**	4,367
Cost of goods sold	**587**	421
	5,869	4,788

9. TURNOVER, REVENUE, COST OF SALES AND OTHER INCOME *(Continued)*

	2016 HK$'000	2015 HK$'000
Gross profit comprises:		
Commission and brokerage income from securities dealing	**18,568**	18,467
Interest income from margin and other financing	**9,223**	5,326
Interest income from mortgage financing	**31,607**	26,395
Dividend income	**252**	296
Rental income	**2,804**	2,215
Sales of goods	**211**	398
	62,665	53,097
Other income comprises:		
Interest income	**87**	51
Reversal of impairment loss recognised in respect of other receivables	**182**	176
Bad debt recovery from loan receivables	**96**	96
Gain on exchange difference, net	**–**	12
Gain on disposal of furniture and equipment	**–**	40
Reversal of impairment loss recognised in respect of promissory note receivable	**42,960**	–
Premium income	**2,652**	–
Sundry income	**3,771**	1,956
	49,748	2,331

10. FINANCE COSTS

	2016 HK$'000	2015 HK$'000
Interest on:		
— bank borrowings wholly repayable within five years	**2,990**	2,374
— other borrowings wholly repayable within five years	**2,309**	174
	5,299	2,548

11. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging/(crediting):

	2016 HK$'000	2015 HK$'000
Staff costs (including Directors' emoluments):		
— Salaries, allowances and other benefits	**35,497**	23,401
— Retirement benefit scheme contributions	**971**	721
	36,468	24,122
Auditor's remuneration	**830**	780
Depreciation	**2,124**	1,717
Loss/(gain) on exchange difference, net	**94**	(12)
Loss/(gain) on disposals of furniture and equipment	**163**	(40)
Lease payments under operating leases for rented premises	**6,559**	3,800
Impairment loss recognised in respect of trade receivable	**1,311**	–
Impairment loss recognised in respect of other receivables	**409**	124
Impairment loss recognised in respect of loan receivables	**16,329**	1,384
Cost of inventories recognised as an expense	**587**	421

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 2016 and 2015 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 expense for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive incomes as follows:

	2016 HK$'000	2015 HK$'000
(Loss)/profit before taxation	**(5,763)**	94,081
Tax at domestic income tax rate of 16.5%	**(951)**	15,523
Tax effect of expenses not deductible for tax purpose	**(5,394)**	945
Tax effect of income not taxable for tax purpose	**2,573**	(12,203)
Tax effect of temporary differences not recognised	**(269)**	(477)
Tax effect of tax losses not recognised	**4,909**	659
Utilisation of tax loss previously not recognised	**(868)**	(4,447)
Income tax expense for the year	**–**	–

As at 31 March 2016, the Group has unused tax losses of approximately HK$218,566,000 (2015: HK$194,079,000) 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.

13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of nine (2015: nine) Directors were as follows:

Name of Director	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2016					
Executive Directors					
Cheung Hoo Win	–	538	90	18	646
Ng Yiu Chuen	–	864	580	18	1,462
Mak Kit Ping	–	699	290	35	1,024
Zhang Yuyan	–	150	–	–	150
Chen Lili	–	120	–	–	120
Independent Non-Executive Directors					
Zhao Qingji	200	–	–	–	200
Yeung Shun Kee	130	–	–	–	130
Li Hancheng	100	–	–	–	100
Lo Tsz Fung Philip	80	–	–	–	80
	510	2,371	960	71	3,912

13. DIRECTORS' EMOLUMENTS *(Continued)*

Name of Director	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2015					
Executive Directors					
Cheung Hoo Win	–	516	86	18	620
Ng Yiu Chuen	–	829	457	18	1,304
Mak Kit Ping	–	747	–	30	777
Zhang Yuyan	–	150	–	–	150
Chen Lili	–	120	–	–	120
Independent Non-Executive Directors					
Zhao Qingji	200	–	–	–	200
Yeung Shun Kee	130	–	–	–	130
Li Hancheng	100	–	–	–	100
Lo Tsz Fung Philip	80	–	–	–	80
	510	2,362	543	66	3,481

None of Directors of the Company waived or agreed to waive any emoluments for the two years ended 31 March 2016 and 2015.

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 2016 and 2015.

14. EMPLOYEES' EMOLUMENTS

During the year, the five highest paid individuals included one directors (2015: one director) of the Company, whose emoluments have been included in note 13 above. The emolument's of the remaining four individuals (2015: four individuals) for the years ended 31 March 2016 and 2015 were as follows:

	2016 HK$'000	2015 HK$'000
Salaries, allowances and other benefits	**5,999**	4,673
Retirement benefit scheme contributions	**52**	77
	6,051	4,750

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 2016 and 2015.

The above emoluments fall within the following band:

	Number of employees 2016	 2015
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**3**	3
HK$1,500,001 to HK$2,500,000	**1**	–
	4	4

15. DIVIDENDS

	2016 HK$'000	2015 HK$'000
Dividends recognised as distribution during the year:		
Final for 2015 — HK0.238 cents per share with a scrip alternative (2014: HK0.168 cents in cash dividend per ordinary share)	**10,144**	6,346
Interim for 2015 — HK0.2 cents in cash dividend per ordinary share	**–**	3,758
Interim for 2015 — scrip dividend paid on issue of scrip shares in lieu of cash dividend	**–**	3,968
	10,144	14,072

16. EARNINGS PER SHARE

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

Earnings:

	2016 HK$'000	2015 HK$'000
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**1,247**	94,081

Number of shares:

	2016	2015
Weighted average number of ordinary shares in issue during the year for the purpose of basic earnings per share	**4,245,047,918**	3,748,811,696
Effect of dilutive potential ordinary shares — Bonus warrants	**292,859,018**	275,252,543
Weighted average number of ordinary shares in issue during the year for the purpose of diluted earnings per share	**4,537,906,936**	4,024,064,239

17. FURNITURE AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 2015	3,361	6,412	3,244	13,017
Additions	1,564	1,334	–	2,898
Disposals	(66)	(253)	–	(319)
At 31 March 2016	4,859	7,493	3,244	15,596
ACCUMULATED DEPRECIATION				
At 1 April 2015	2,564	4,854	1,495	8,913
Charge for the year	1,067	658	399	2,124
Eliminated on disposals	(18)	(135)	–	(153)
At 31 March 2016	3,613	5,377	1,894	10,884
CARRYING VALUES				
At 31 March 2016	1,246	2,116	1,350	4,712
COST				
At 1 April 2014	1,985	5,125	2,026	9,136
Additions	1,376	1,388	1,995	4,759
Disposals	–	(101)	(777)	(878)
At 31 March 2015	3,361	6,412	3,244	13,017
ACCUMULATED DEPRECIATION				
At 1 April 2014	1,949	4,419	1,492	7,860
Charge for the year	615	516	586	1,717
Eliminated on disposals	–	(81)	(583)	(664)
At 31 March 2015	2,564	4,854	1,495	8,913
CARRYING VALUES				
At 31 March 2015	797	1,558	1,749	4,104

18. INVESTMENT PROPERTIES

The fair value of the investment properties at 31 March 2016 was revalued by Vigers Appraisal & Consulting Limited (31 March 2015: LCH (Asia-Pacific) Surveyor Limited and Vigers Appraisal & Consulting Limited), both of them are independent qualified professional surveyors who have the recent experience in the location and category of property being valued, which was based on the direct comparison approach, assuming sale of the property interests in their existing state with the benefit of immediate vacant possession or the property under development and completed and by making reference to comparable sales transactions as available in the relevant market while appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject properties; and the income approach by taking into account the net rental income derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate.

The fair value of investment properties is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

	2016 HK$'000	2015 HK$'000
Fair value		
At 1 April	**236,000**	206,000
Transfer from deposits paid for redevelopment project (note 19)	**17,333**	–
Changes in fair value recognised in profit or loss	**30,000**	30,000
At 31 March	**283,333**	236,000
Leasehold properties situated in Hong Kong held under		
long-term lease	**110,000**	90,000
medium-term lease	**173,333**	146,000
	283,333	236,000

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.

18. INVESTMENT PROPERTIES *(Continued)*

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

At the end of the reporting period, the Group's investment properties of approximately HK$283,333,000 (2015: HK$236,000,000) were pledged to secure the banking facilities granted to the Group as details stated in note 38.

19. DEPOSITS PAID FOR THE REDEVELOPMENT PROJECT

Deposits paid for the redevelopment project including the architecture fee for the design and consultation and the costs for preliminary stage of preparation work for the redevelopment plan of the investment property. All amounts incurred were transferred to investment properties.

A reconciliation of the opening and closing balance is provided below:

	2016 **HK$'000**	2015 HK$'000
At 1 April	**4,356**	2,275
Capitalised subsequent expenditure	**12,977**	2,081
Transfer to investment properties (note 18)	**(17,333)**	–
At 31 March	**–**	4,356

20. INTANGIBLE ASSET

	Goodwill **HK$'000**
Cost and carrying values	
Arising from acquisition of Ever-Long Capital Management Limited (Formerly known as A&T Global Capital Group Limited) (note 43) during the year ended 31 March 2016	**3,386**

20. INTANGIBLE ASSET *(Continued)*

The recoverable amount of the cash-generating units arising from Ever-Long Capital Management Limited is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a 5-year period, at a discount rate of 2.7% per annum.

Cash flow projections during the budget period are based on the expected return of private equity fund throughout the budget period. In the opinion of the directors, no impairment loss was required for the year ended 31 March 2016.

The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the group of units to exceed the aggregate its recoverable amount.

21. AVAILABLE-FOR-SALE INVESTMENT

	2016 HK$'000	2015 HK$'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 2016, an impairment loss of approximately HK$3,857,000 (2015: HK$3,857,000) in respect of available-for-sale investment as a result of its decrease in the recoverable amounts has been recognised.

22. INVENTORIES

	2016 HK$'000	2015 HK$'000
Finished goods	**35**	361

23. LOAN RECEIVABLES

	2016 HK$'000	2015 HK$'000
Securities dealing and brokerage services		
— secured margin loans (note 1)	**68,361**	58,345
Less: Impairment loss recognised	**(23,053)**	(15,015)
	45,308	43,330
Financing business		
— unsecured loans	**6,509**	7,054
— secured mortgage loans (note 2)	**162,438**	114,640
Less: Impairment loss recognised	**(16,295)**	(8,254)
	152,652	113,440
	197,960	156,770
The Group's loan receivables (net of impairment loss) are analysed into:		
— Non-current assets	**55,815**	58,522
— Current assets	**142,145**	98,248
	197,960	156,770

Notes:

1. 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 aging analysis does not give additional value in view of the nature of the business of securities dealing and brokerage services.

2. Secured mortgage loans to mortgage loan clients are secured by the clients' properties located in Hong Kong and are interest-bearing.

23. LOAN RECEIVABLES *(Continued)*

For securities dealing and brokerage services:

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 2016, the total market value of securities pledged as collateral in respect of the loans to clients was approximately HK$197,126,000 (2015: HK$139,846,000).

Loan receivables on secured margin loans of approximately HK$68,361,000 (2015: HK$58,345,000) are repayable on demand and bear interests at interest rates with reference to prime rate plus a spread for both years.

For financing business:

Loan receivables on unsecured loans of approximately HK$3,483,000 (2015: HK$3,788,000) bear interests at interest rates with reference to commercial rates, the remaining balances of approximately HK$3,026,000 (2015: HK$3,266,000) are non-interest-bearing.

Loan receivables on secured mortgage loans of approximately HK$162,438,000 (2015: 114,640,000) 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 2016, the total market value of properties pledged as collateral in respect of the mortgage loans was approximately HK$463,955,000 (2015: HK$410,476,000).

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:

	2016 **HK$'000**	2015 HK$'000
Within 6 months	**109,851**	78,391
Over 6 months and up to 1 year	**39,480**	23,503
Over 1 year	**3,321**	11,546
	152,652	113,440

23. LOAN RECEIVABLES *(Continued)*

The aging analysis for the carrying amount of loans receivables in financing business, based on contractual maturity date, is as follows:

	2016 HK$'000	2015 HK$'000
On demand or within 1 year	**96,837**	54,918
In more than 1 year but not more than 5 years	**14,905**	22,112
Over 5 years	**40,910**	36,410
	152,652	113,440

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 net loan receivables for the financing business which are past due but not impaired at the end of the reporting period:

			Past due but not impaired			
	Total HK$'000	Neither past due nor impaired HK$'000	<90 days HK$'000	91 to 180 days HK$'000	181 to 365 days HK$'000	Over 1 year HK$'000
31 March 2016	**152,652**	**152,652**	**–**	**–**	**–**	**–**
31 March 2015	113,440	113,440	–	–	–	–

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.

23. LOAN RECEIVABLES *(Continued)*

At the end of each reporting date, the Group's loan receivables were assessed individually to determine of the loan receivable is 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 either have a good track record with the Group or the Group has sufficient collateral over the individual loan receivable. 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	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1 April	**8,254**	8,307	**15,015**	15,015	**23,269**	23,322
Impairment loss recognised for the year	**8,291**	1,384	**8,038**	–	**16,329**	1,384
Reversal of impairment loss recognised for the year	**(250)**	(1,437)	**–**	–	**(250)**	(1,437)
At 31 March	**16,295**	8,254	**23,053**	15,015	**39,348**	23,269

As at 31 March 2016, loan receivables of HK$37,807,000 (2015: HK$22,127,000) 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$15,930,000 (2015: HK$1,251,000) was recognised for the year.

24. TRADE RECEIVABLES

Invoices are normally payable within 30 days of issuance. 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 brokerage services are two days after the trade date.

	2016 HK$'000	2015 HK$'000
Trade receivables	**27,393**	47,389
Less: Impairment losses recognised	**(1,311)**	–
	26,082	47,389

	2016 HK$'000	2015 HK$'000
Balance in relation to:		
— securities dealing and brokerage services	**25,960**	47,345
— others	**122**	44
	26,082	47,389

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

	2016 HK$'000	2015 HK$'000
Within 6 months	**21,390**	46,326
Over 6 months and up to 1 year	**4,449**	684
Over 1 year	**243**	379
	26,082	47,389

24. TRADE RECEIVABLES *(Continued)*

Included in the Group's trade receivable balances are trade debtors with aggregate carrying amount of HK$23,577,000 (2015: HK$8,769,000) 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:

			Past due but not impaired			
	Total	Neither past due nor impaired	<90 days	91 to 180 days	181 to 365 days	Over 1 year
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2016	**26,082**	**2,505**	**6,393**	**12,492**	**4,449**	**243**
31 March 2015	47,389	38,620	7,148	558	684	379

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:

	2016	2015
	HK$'000	HK$'000
At 1 April	**–**	5,365
Impairment loss recognised for the year	**1,311**	–
Amount written off as uncollectable for the year	**–**	(5,365)
At 31 March	**1,311**	–

24. TRADE RECEIVABLES *(Continued)*

Included in the impairment of trade receivables are individually impaired trade receivables with an aggregate balance of HK$1,311,000 (2015: HK$ Nil) 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 2016 of approximately HK$71,111,000 (2015: HK$55,937,000) as collateral over these balances.

25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016 **HK$'000**	2015 HK$'000
Promissory note receivable — A (note 1)	**–**	42,960
Promissory note receivables — B (note 2)	**3,809**	–
Deposits	**2,984**	2,766
Prepayments	**1,219**	1,061
Interest receivables	**2,502**	1,737
Other receivables	**1,977**	1,253
	12,491	49,777
Less: Impairment losses recognised	**(758)**	(43,491)
	11,733	6,286

Note 1: Reference is made to the note 24 to the consolidated financial statements of the Company for the year ended 31 March 2015. During FY2016, the Group had recovered the promissory note receivable of HK$42,960,000 and recognised it as other income for the year.

Note 2: The promissory note receivables bear interest at the rate 20% per annum. The Group may, by giving the issuers not less than three months prior written notice, demand the issuers to settle the promissory note receivables.

25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

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

	2016 HK$'000	2015 HK$'000
At 1 April	**43,491**	43,667
Impairment loss recognised for the year	**409**	124
Amounts written off as uncollectible for the year	**–**	(124)
Reversal of impairment loss recognised in respect of promissory note receivable — A for the year	**(42,960)**	–
Reversal of impairment loss recognised for the year	**(182)**	(176)
At 31 March	**758**	43,491

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 HK$'000	2015 HK$'000
Fair value:		
Securities issued by corporate entities		
— listed in Hong Kong	**75,256**	83,860

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.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	2016 HK$'000	2015 HK$'000
Assets	**8,908**	–
Liabilities	**(7,709)**	–
Unrealised fair value gain	**1,199**	–

During FY2016, to accommodate a client's request, the Group 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 prices of the Subject Company, or entitle to a profit sharing when the share prices of the Subject Company increased. As at 31 March 2016, the assets and liabilities of the outstanding options were recorded and the net unrealised fair value gain of HK$1,199,000 was recognised in the consolidated statement of comprehensive income for FY2016.

Major terms of collar options outstanding at 31 March 2016 are as follows:

Type of option	Style	Exercise price	Subject shares	Expiration date
Put Option	European style cash settled	HK$0.48 – HK$0.55 per share	24,400,000 shares in total	Ranging from 9 April 2016 to 28 April 2016
Call Option	European style cash settled	HK$0.48 – HK$0.55 per share	24,400,000 shares in total	Ranging from 9 April 2016 to 28 April 2016

The fair value measurements for all of the Group's collar options are categorized as level 2. The fair values were determined by using Monte Carlo Simulation which is a procedure for repeat random sampling outcomes for stochastic process to generate several possible price paths for the underlying via simulation, and then calculate the associated exercise value (the "payoff") of the collar options for each path. These payoffs are then averaged and discounted to the valuation date using the risk-free rate.

28. 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 savings rate (2015: bank deposit savings rate).

Details of the Group's client trust funds that are not denominated in the functional currency of the respective subsidiaries are as follows:

	2016 **HK$'000**	2015 HK$'000
RMB	**1,534**	127

29. PLEDGED BANK DEPOSITS

The pledged bank deposits carry fixed interest rate ranging from 0.3% to 5% (2015: 0.3% to 3.6%) 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$6,249,000 (2015: HK$6,307,000) with banks as a condition precedent for the granting of overdraft banking facilities by the banks. The bank deposits will be released when the overdraft banking facilities expired.

30. BANK BALANCES AND CASH

Bank balances comprise short-term bank deposits of approximately HK$135,770,000 (2015: HK$117,471,000) which carry interest at prevailing market rate. The maturities of bank balances were within three months.

The Group's bank balances that are not denominated in the functional currency of the respective subsidiaries are as follows:

	2016 HK$'000	2015 HK$'000
RMB	**6,042**	4,875
SGD	**193**	–
USD	**2,155**	278

31. TRADE PAYABLES

	2016 HK$'000	2015 HK$'000
Trade payables	**61,936**	104,883

	2016 HK$'000	2015 HK$'000
Balances in relation to:		
— securities dealing and brokerage services (note)	**61,826**	104,652
— others	**110**	231
	61,936	104,883

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

31. TRADE PAYABLES *(Continued)*

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

	2016 HK$'000	2015 HK$'000
Within 6 months	**11**	5
Over 6 months and up to 1 year	**–**	–
Over 1 year	**99**	226
	110	231

Trade payables for securities dealing and brokerage services are interest-bearing at the bank deposit saving rate (2015: bank deposit saving rate) per annum, the trade payables for retail and trading are non-interest-bearing.

The average credit period of purchases of goods for the other business 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 not denominated in the functional currency of the respective subsidiaries are as follows:

	2016 HK$'000	2015 HK$'000
RMB	**1,534**	127

32. OTHER PAYABLES AND ACCRUALS

	2016 HK$'000	2015 HK$'000
Other payables and accruals	**7,379**	5,196

33. PROMISSORY NOTE PAYABLES

The Group has obtained additional working capital from subscribers by issuing them promissory notes during FY2016. These promissory notes bear interest at the range of 5% to 13.45% per annum and are repayable within one year.

34. BANK LOANS

	2016 HK$'000	2015 HK$'000
Secured bank loans (note)	**118,148**	98,519
Bank loans are repayable:		
— Within 1 year	**67,984**	4,476
— 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	**50,164**	94,043
Amount due within 1 year shown under current liabilities	**118,148**	98,519

Note: As at 31 March 2016 and 2015, the amounts were secured by investment properties (note 18) of the Group with a carrying value of HK$283,333,000 and HK$236,000,000 respectively.

For the year ended 31 March 2016, the floating-rate secured 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 2.75%, and the respective effective interest rate was 2.5% per annum and the floating-rate secured bank loans were carrying interest at Hong Kong Interbank Offered Rate over 2.25%, 2.875% and 3.05%, and the respective effective interest rate were per 2.5%, 3.5% and 3.6% annum.

For the year ended 31 March 2015, the floating-rate secured 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 2.75%, and the respective effective interest rate was 2.4% and 2.5% per annum, respectively.

35. SHARE CAPITAL

	Number of shares		Amount	
	2016	2015	**2016**	2015
			HK$'000	HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**200,000,000,000**	200,000,000,000	**2,000,000**	2,000,000
Issued and fully paid:				
At 1 April	**3,890,574,843**	3,569,436,214	**38,906**	35,694
Shares issued in respect of scrip dividends (note a)	**41,351,702**	–	**413**	–
Shares issued in respect of warrants (note b)	**421,077,938**	321,138,629	**4,211**	3,212
At 31 March	**4,353,004,483**	3,890,574,843	**43,530**	38,906

Notes:

(a) On 10 April 2015, the Company issued and allotted 18,038,538 shares at an issue price of HK$0.22 per share in respect of the interim dividend for the six months ended 30 September 2014 under the scrip dividend scheme. Except for the entitlement to the said interim dividend, the 18,038,538 shares rank pari passu in all respects with the then existing Shares.

On 15 October 2015, the Company issued and allotted 23,313,164 Shares at an issue price of HK$0.3132 per share in respect of the final dividend for the year ended 31 March 2015 under the scrip dividend scheme. Except for the entitlement to the said final dividend, the 23,313,164 shares rank pari passu in all respects with the then existing shares.

As a result, during the year ended 31 March 2016, the Company's share capital and share premium were in aggregate increased by approximately HK$413,000 and HK$10,857,000, respectively.

(b) 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 — 2013"). For details of the Bonus Issue of Warrants — 2013, please refer to the announcement of the Company dated 30 December 2013. On 27 January 2014, the shareholders approved the Bonus Issue of Warrants — 2013, 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). During the period from 1 April 2015 to 18 August 2015, 353,699,858 (2015: 321,138,629) of Warrants had been exercised by the holders thereof. As a result, 353,699,858 shares (2015: 321,138,629 shares) were issued and allotted by the Company to the holders of such Warrants and, accordingly, the Company's share premium was increased by approximately HK$31,833,000 (2015: HK$28,902,000). The 353,699,858 shares rank pari passu in all respects with the then existing shares. As at 18 August 2015, 34,653,004 warrants were not exercised and have lapsed accordingly.

35. SHARE CAPITAL *(Continued)*

Notes: *(Continued)*

(b) *(Continued)*

On 14 July 2015, the Board announced the proposed bonus issue of warrants ("Warrants") by the Company to the shareholders on the basis of 2 Warrants for every 10 shares held on 23 October 2015, which was approved by the shareholders at the special general meeting of the Company held on 20 August 2015. 857,125,280 Warrants were issued on 5 November 2015.

Each Warrant entitles the holder thereof to subscribe one share at an initial subscription price of HK$0.10 per share, at any time during the period commencing on 5 November 2015 and expiring on 4 November 2016 (both days inclusive). During the period from 5 November 2015 to 31 March 2016, 67,378,080 Warrants had been exercised by the holders thereof. As a result, 67,378,080 shares were issued and allotted by the Company to the holders of such Warrants and, accordingly, the Company's share premium was increased by approximately HK$6,064,000. The 67,378,080 shares rank pari passu in all respects with the then existing shares. On 31 March 2016, 789,747,200 Warrants remained outstanding.

36. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") which enables 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 from 21 September 2012, 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 INEDs.

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.

Under the Scheme, there was no option granted, exercised, cancelled or lapsed during FY2016.

As at 31 March 2016 and 2015, the Company had no share options outstanding.

37. 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 in December 2000, less the transfer to the capital redemption reserve in November 2000, and the shares repurchased in April 2013. Under the Act, the Company's contributed surplus is distributable to shareholders under certain circumstances and the dividend paid was recognised as distribution.

38. BANKING AND LOAN FACILITIES

As at 31 March 2016, the Company provided financial guarantees of HK$283,478,000 (2015: HK$148,030,000) for the banking and loan facilities granted to or 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.

39. 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:

	2016 **HK$'000**	2015 HK$'000
Within one year	**4,136**	6,330
In the second to fifth years, inclusive	**1,052**	3,493
	5,188	9,823

Leases for rented premises are negotiated for an average of two years (2015: two years) and rentals are fixed for an average of two years (2015: two years).

39. OPERATING LEASE COMMITMENTS *(Continued)*

The Group as lessor

Property rental income earned during the year was HK$2,804,000 (2015: HK$2,215,000). As at 31 March 2016, The group had committed tenants for its investment properties for subsequent 7 months to 20 months.

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:

	2016 HK$'000	2015 HK$'000
Within one year	**2,777**	2,236
In the second to fifth year, inclusive	**597**	1,868
	3,374	4,104

40. 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 34):

	2016 HK$'000	2015 HK$'000
Investment properties	**283,333**	236,000
Pledged bank deposits	**6,249**	6,307
	289,582	242,307

41. 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, both the Group and its Hong Kong employees are required to make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation and subject to a cap which may be revised from time to time.

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 2016, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK$971,000 (2015: HK$721,000).

42. RELATED PARTY TRANSACTIONS

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

	2016 HK$'000	2015 HK$'000
Short-term benefits	**3,841**	3,415
Post-employment benefits	**71**	66
	3,912	3,481

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

42. RELATED PARTY TRANSACTIONS *(Continued)*

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

	2016 HK$'000	2015 HK$'000
Rental income from K.C. (Asset) Limited (note (i))	**1,020**	1,020
Fee income received from Mr. Woo Peter Ping ("Mr. Woo") (note (ii)	**391**	–
Interest paid to Ms. Ng Kai Ning ("Ms. Ng") (note iii)	**342**	–
Interest paid to Ms. Inez Lee (note iv)	**738**	–

Notes:

(i) K.C. (Asset) Limited is beneficially owned by Mr. Cheung Chi Shing ("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 K.C. (Asset) Limited is Mr. Cheung Hoo Yin, the son of Mr. Cheung.

(ii) Mr. Woo is a substantial shareholder of a non-wholly owned subsidiary of the Group and a director of certain subsidiaries of the Group.

(iii) Ms. Ng is the daughter of Mr. Ng Yiu Chuen, an executive Director of the Company.

(iv) Ms. Inez Lee is the wife of Mr. Woo.

(c) During FY2016, 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.

42. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Same as disclosed above, as at the reporting date, the Group had the following balances with its related parties:

	2016 HK$'000	2015 HK$'000
Trade receivables:		
Amount due from Mr. Hoowin Cheung (note (i))	**976**	–
Trade payables:		
Amount due to Mr. Cheung (note (ii))	**3,188**	670
Amount due to Mr. Hoowin Cheung (note (ii))	**–**	3,471
Amount due to Mr. Cheung Hoo Yin (note (ii))	**1,330**	9,917
Amount due to Elfie Limited (note (ii) & (iii))	**2,394**	3,863
Amount due to Ms. Inez Lee (note (ii))	**1,053**	–
Amount due to Ms. Yeung (note (ii) & (iii))	**283**	–
Promissory note payables:		
Amount due to Fintech Pte Limited ("Fintech") (notes (iv) & (vi))	**1,500**	–
Amount due to Ms. Ng (note (vi))	**6,600**	–
Amount due to Ms. Inez Lee (note (vi))	**10,000**	–
Amount due to Mr. Lee Ho Ki ("Mr. Lee") (notes (v) & (vi))	**5,000**	–

Notes:

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

(ii) The amount is unsecured, interest bearing at the bank deposit saving rate per annum and repayable on clients' demand.

(iii) 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 Lok Chi ("Ms. Cheung") and Mr. Cheung Hoo Yin. Ms. Cheung is the daughter of Mr. Cheung and Ms. Yeung.

(iv) Fintech is a company controlled by Mr. So.

(v) Mr. Lee is the father-in-law of Mr. Ozorio Joseph Marian Laurence ("Mr. Ozorio"), who was a substantial shareholder of a non-wholly owned subsidiary of the Group during FY2016.

(vi) 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.

43. BUSINESS COMBINATIONS

On 10 June 2015, the Group acquired 100% of the share capital of Ever-Long Capital Management Limited (formerly known as A&T Global Capital Group Limited) ("ELCM") incorporated in Hong Kong for consideration approximately HK$3,653,000. ELCM was acquired so as to diversify the Group's financial services.

Consideration transferred:

	2016 HK$'000
Cash	**3,653**

Assets acquired and liabilities recognised at the date of acquisition:

	2016 HK$'000
Deposit	**22**
Bank balances and cash	**255**
Other payable	**(10)**
	267
Goodwill arising on acquisition (note 20)	**3,386**
	3,653

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Net cash outflow on the acquisition of ELCM:

	2016 HK$'000
Consideration paid in cash	**3,653**
Less: Bank balances and cash	**(255)**
	3,398

Acquisition-related costs approximately of HK$53,000 have been charged to administrative expenses in the consolidated statement of comprehensive income for the year ended 31 March 2016.

44. 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 directly held by the Company 2016	2015	Principal activities
Direct subsidiary						
Styland Enterprises Limited	Hong Kong	Ordinary	HK$2	**100**	100	Provision of management services
Indirect subsidiaries						
Brighten Management Limited	Hong Kong	Ordinary	HK$1,000,000	**55**	–	Strategic investment
Crosby Investment Company Limited	Hong Kong	Ordinary	HK$90,000	**100**	100	Retail and trading
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 Capital Management Limited	Hong Kong	Ordinary	HK$1,000,000	**100**	–	Asset management
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 brokerage and provision of financing services
Hoowin Limited	Hong Kong	Ordinary	HK$1,000,000	**100**	100	Property investment
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
Talent Full Investment Limited	Hong Kong	Ordinary	HK$1	**100**	–	Management service
Treasure Profit Limited	Hong Kong	Ordinary	HK$1	**100**	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.

45. (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

(Loss)/profit attributable to equity shareholders of the Company dealt with in the income statement of the Company is HK$24,249,000 (2015 Profit: HK$52,546,000).

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2016 HK$'000	2015 HK$'000
Non-current asset			
Investments in subsidiaries		**–**	–
Current assets			
Other receivables		**533**	446
Amount due from subsidiary	(a)	**360,838**	439,325
Bank balances and cash		**63,709**	55,090
		425,080	494,861
Current liabilities			
Other payables and accruals		**812**	748
Dividend payable		**–**	7,726
Bank borrowings		**–**	81,104
		812	89,578
Net assets		**424,268**	405,283
Capital and reserves			
Share capital		**43,530**	38,906
Reserves	(b)	**380,738**	366,377
Total equity		**424,268**	405,283

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Notes:

(a) Amount due from subsidiary

The amount due from subsidiary was unsecured, interest bearing at prime rate and repayable on demand.

(b) Reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Special capital reserve (Note 37) HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 31 March 2014	55,581	7,480	571,147	583,356	(918,563)	299,001
Profit for the year and total comprehensive income for the year	–	–	–	–	52,546	52,546
Exercise of bonus warrants	28,902	–	–	–	–	28,902
Dividend recognised as distribution	–	–	–	(14,072)	–	(14,072)
At 31 March 2015 and 1 April 2016	84,483	7,480	571,147	569,284	(866,017)	366,377
Loss for the year and total comprehensive income for the year	–	–	–	–	(24,249)	(24,249)
Share issued in respect of scrip dividends	10,857	–	–	–	–	10,857
Exercise of bonus warrants	37,897	–	–	–	–	37,897
Dividend recognised as distribution	–	–	–	(10,144)	–	(10,144)
At 31 March 2016	133,237	7,480	571,147	559,140	(890,266)	380,738

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				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**198,177**	184,373	143,212	148,121	249,899
(Loss)/profit before taxation	**(5,763)**	94,081	81,603	40,200	10,212
Income tax expense	**–**	–	–	–	–
(Loss)/profit before non-controlling interests	**(5,763)**	94,081	81,603	40,200	10,212
Non-controlling interests	**7,010**	–	–	–	–
Profit attributable to the owners of the Company	**1,247**	94,081	81,603	40,200	10,212

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**804,170**	737,601	566,170	507,943	420,507
Total liabilities	**(245,422)**	(216,324)	(157,466)	(156,439)	(109,203)
Non-controlling interest	**6,560**	(450)	–	–	–
	565,308	520,827	408,704	351,504	311,304

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, Section 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	Long term	Investment
House A (including the External Walls and Carport on the G/F thereof) Ocean View Lodge Lot No. 524 in D.D. 238 Sai Kung New Territories Hong Kong	24/200 undivided shares of/and in the Lot No. 524 in D.D. 238	Medium term	Investment

大凌集團有限公司
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股份代號 Stock Code: 0211

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