



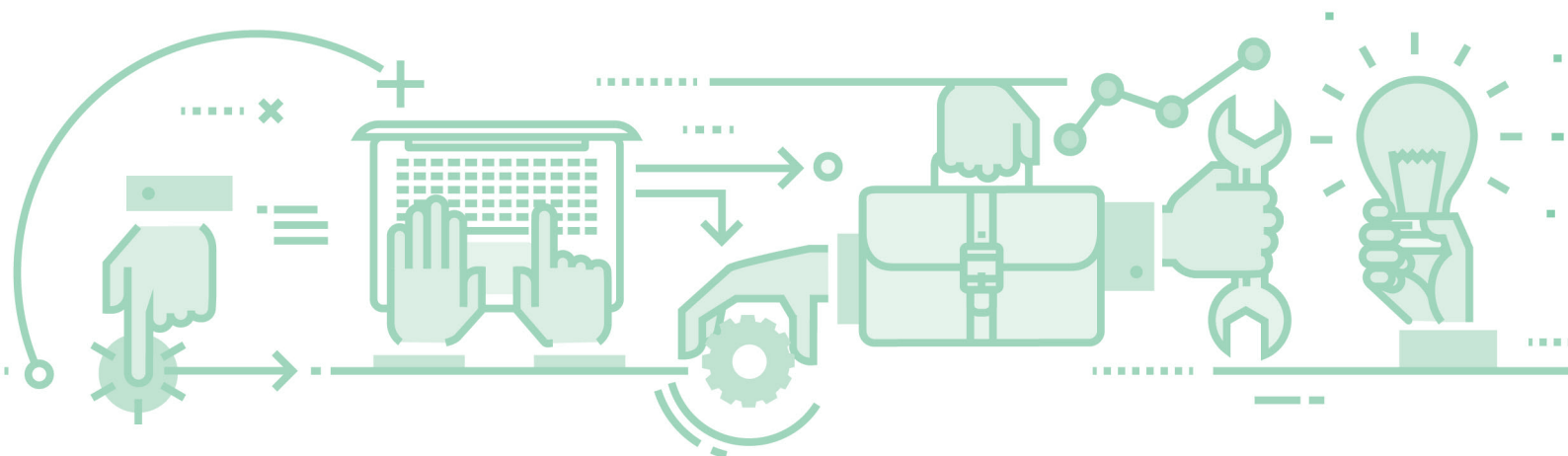
大凌集團有限公司
STYLAND HOLDINGS LIMITED
(股份代號 Stock Code: 0211)



心繫大凌 眾志成城
Working from the

Heart

2016/17 INTERIM REPORT 中期報告



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Wang Chin Mong

AUDITOR

UHY Vocation HK CPA Limited

LEGAL ADVISERS

As to Hong Kong Law

Michael Li & Co.
TC & Co.

As to Bermuda Law

Appleby

As to the PRC Law

Hills & Co.

CORPORATE INFORMATION

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Canon's Court
22 Victoria Street
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PRINCIPAL PLACE OF BUSINESS

28th Floor
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SHAREHOLDERS' SERVICE HOTLINE

Telephone: (852) 2959 7200
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WEBSITE

<http://www.styland.com>

INVESTORS' WEBSITE

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

The board of directors (the “Directors” or the “Board”) of Styland Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2016 (the “Review Period”) together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 September	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
TURNOVER		108,943	104,422
Revenue	2	30,959	31,482
Cost of sales		(1,600)	(3,523)
GROSS PROFIT		29,359	27,959
Other income		7,667	46,946
Administrative expenses		(38,787)	(27,560)
Selling and distribution expenses		(1,757)	(3,075)
Change in fair value of investment properties		14,789	12,000
Change in fair value of financial assets at fair value through profit or loss		(5,256)	(58,672)
Gain on disposal of financial assets at fair value through profit or loss		998	5,046
Unrealised fair value gain of derivative financial instruments		–	2,490
Impairment loss recognised in respect of loan receivables		(1,649)	(373)
Impairment loss recognised in respect of other receivables		(1,002)	(409)
Reversal of impairment loss recognised in respect of loan receivables		1,270	193
PROFIT FROM OPERATIONS		5,632	4,545
Finance costs		(3,570)	(2,065)
PROFIT BEFORE TAXATION	3	2,062	2,480
Income tax expense	4	–	–
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,062	2,480
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO			
– Owners of the Company		3,696	6,457
– Non-controlling interests		(1,634)	(3,977)
		2,062	2,480
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	6		
– Basic		HK0.08 cents	HK0.16 cents
– Diluted		HK0.08 cents	HK0.15 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
	Note		
NON-CURRENT ASSETS			
Furniture and equipment		4,174	4,712
Investment properties		308,200	283,333
Loan receivables	7	75,245	55,815
Intangible asset		3,386	3,386
Available-for-sale investment		–	–
		391,005	347,246
CURRENT ASSETS			
Inventories		–	35
Loan receivables	7	149,465	142,145
Accounts receivable	8	26,530	26,082
Promissory note receivables		14,013	3,809
Other receivables, deposits and prepayments		7,659	7,924
Financial assets at fair value through profit or loss		69,263	75,256
Derivative financial instruments	9	–	8,908
Tax recoverable		615	615
Client trust funds		40,044	50,068
Pledged bank deposits		6,259	6,249
Bank balances and cash		144,918	135,833
		458,766	456,924
CURRENT LIABILITIES			
Accounts payable	10	57,212	61,936
Other payables and accruals		8,896	7,379
Derivative financial instruments	9	–	7,709
Promissory note payables		61,700	50,250
Bank loans		157,503	118,148
		285,311	245,422
NET CURRENT ASSETS		173,455	211,502
TOTAL ASSETS LESS CURRENT LIABILITIES		564,460	558,748

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
NET ASSETS	564,460	558,748
CAPITAL AND RESERVES		
Share capital	43,895	43,530
Reserves	528,759	521,778
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	572,654	565,308
NON-CONTROLLING INTERESTS	(8,194)	(6,560)
TOTAL EQUITY	564,460	558,748

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owners of the Company								Total
	Share capital	Share premium	Capital redemption reserve	Special capital reserve	Contributed surplus	Accumulated losses	Sub-total	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2016	43,530	133,237	7,480	571,147	540,905	(730,991)	565,308	(6,560)	558,748
Total comprehensive income for the period	-	-	-	-	-	3,696	3,696	(1,634)	2,062
Exercise of bonus warrants	365	3,285	-	-	-	-	3,650	-	3,650
At 30 September 2016	43,895	136,522	7,480	571,147	540,905	(727,295)	572,654	(8,194)	564,460
At 1 April 2015	38,906	84,483	7,480	571,147	551,049	(732,238)	520,827	450	521,277
Total comprehensive income for the period	-	-	-	-	-	6,457	6,457	(3,977)	2,480
Issue of scrip shares	180	3,788	-	-	-	-	3,968	-	3,968
Dividends recognised as distribution	-	-	-	-	(10,144)	-	(10,144)	-	(10,144)
Exercise of bonus warrants	3,537	31,833	-	-	-	-	35,370	-	35,370
At 30 September 2015	42,623	120,104	7,480	571,147	540,905	(725,781)	556,478	(3,527)	552,951

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Net cash used in operating activities	(31,311)	(78,158)
Net cash (used in)/generated from investing activities	(10,479)	36,896
Net cash generated from financing activities	50,875	76,353
Net increase in cash and cash equivalents	9,085	35,091
Cash and cash equivalents at 1 April	135,833	117,522
Cash and cash equivalents at 30 September	144,918	152,613
Analysis of the balances of cash and cash equivalents		
Bank balance and cash	144,918	152,613

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

The condensed consolidated interim financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2016, which were prepared in accordance with Hong Kong Financial Report Standards (“HKFRSs”).

Principal accounting policies

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2016.

Adoption of new and revised HKFRSs effective in the Review Period

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS16 and HKAS38	Clarification of acceptable methods of depreciation and amortisation

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENTAL INFORMATION

Information reported to the Board for the purposes of resource 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 products; and
- the segment of others includes retail and trading of food products, which has been ceased during the Review Period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENTAL INFORMATION (Continued)

Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segments for the six months ended 30 September 2016 and the corresponding period in 2015 respectively:

For the six months ended 30 September 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 revenue:							
External sales	13,110	15,525	1,693	592	39	-	30,959
Intersegment sales	397	-	-	-	-	(397)	-
	13,507	15,525	1,693	592	39	(397)	30,959
Segment (loss)/profit after intersegment transactions	(8,582)	11,200	15,983	(4,256)	(487)	-	13,858
Unallocated income and expenses							(11,796)
Profit before taxation							2,062

For the six months ended 30 September 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 revenue:							
External sales	15,506	14,229	1,355	182	210	-	31,482
Intersegment sales	318	-	-	-	20	(338)	-
	15,824	14,229	1,355	182	230	(338)	31,482
Segment profit/(loss) after intersegment transactions	2,020	10,650	12,307	(53,767)	(1,580)	-	(30,370)
Unallocated income and expenses							32,850
Profit before taxation							2,480

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENTAL INFORMATION (Continued)

Other segment information

For the six months ended 30 September 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	-	-	14,789	-	-	-	14,789
Change in fair value of financial assets at fair value through profit or loss	-	-	-	(5,256)	-	-	(5,256)
Gain on disposal of financial assets at fair value through profit or loss	-	-	-	998	-	-	998
Impairment loss recognised in respect of loan receivables	-	(1,649)	-	-	-	-	(1,649)
Impairment loss recognised in respect of other receivables	-	(1,002)	-	-	-	-	(1,002)
Reversal of impairment loss recognised in respect of loan receivables	-	1,270	-	-	-	-	1,270
Reversal of impairment loss recognised in respect of other receivables	-	129	-	-	-	-	129
Depreciation	(494)	(47)	(111)	-	-	(220)	(872)
(Loss)/gain on disposals of furniture and equipment	(1)	-	-	-	(157)	50	(108)
Additions to non-current assets (note)	363	2	10,100	-	-	109	10,574
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	14	-	-	-	-	26	40
Finance costs	(1,750)	(511)	(1,309)	-	-	-	(3,570)
Income tax expense	-	-	-	-	-	-	-

Note: It excluded the additions to loan receivables, intangible asset and available-for-sale investment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENTAL INFORMATION (Continued)

Other segment information (Continued)

For the six months ended 30 September 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 property	-	-	12,000	-	-	-	12,000
Change in fair value of financial assets at fair value through profit or loss	-	-	-	(58,672)	-	-	(58,672)
Gain on disposal of financial assets at fair value through profit or loss	-	-	-	5,046	-	-	5,046
Unrealised fair value gain of derivative financial instruments	2,490	-	-	-	-	-	2,490
Impairment loss recognised in respect of loan receivables	-	(373)	-	-	-	-	(373)
Reversal of impairment loss recognised in respect of loan receivables	-	193	-	-	-	-	193
Reversal of impairment loss recognised in respect of other receivables	-	-	-	-	-	182	182
Depreciation	(444)	(39)	(23)	-	(31)	(232)	(769)
Loss on disposals of furniture and equipment	(20)	-	-	-	-	-	(20)
Additions to non-current assets (note)	3,683	41	2,526	-	10	7	6,267
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	-	-	-	-	25	33
Finance costs	(591)	-	(900)	-	-	(574)	(2,065)
Income tax expense	-	-	-	-	-	-	-

Note: It excluded the additions to loan receivables, intangible asset and available-for-sale investment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Depreciation	872	769
Staff costs	21,803	15,166

4. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the condensed consolidated financial statements as the Company and its subsidiaries either has available losses brought forward from the prior period to offset the assessable profits generated during the Review Period or did not generate any assessable profits arising in Hong Kong during the Review Period (2015: nil).

5. DIVIDENDS

The Board resolved to make a payment of interim dividend at a rate equivalent to HK\$0.10 or HK10 cents for every 100 shares (the "Interim Dividend") for the Review Period with a scrip alternative to offer the right to the shareholders of the Company (the "Shareholders") to elect to receive such Interim Dividend wholly or partly by allotment and issue of scrip shares credited as fully paid in lieu of cash dividend (2015: nil). The expected dividends payment date is 25 January 2017.

For determination of the Shareholders' entitlements to the proposed Interim Dividend, the register of members of the Company will be closed from 9 December 2016 to 12 December 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed Interim Dividend, Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 8 December 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

Earnings:

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Profit for the period attributable to the owners of the Company for the purposes of basic and diluted earnings per share	3,696	6,457

Number of shares:

	Six months ended 30 September	
	2016	2015
Weighted average number of ordinary shares in issue during the period for the purpose of basic earnings per share	4,371,261,019	4,098,213,877
Effect of dilutive potential ordinary shares — Bonus warrants	528,883,537	89,764,805
Weighted average number of ordinary shares in issue during the period for the purpose of diluted earnings per share	4,900,144,556	4,187,978,682

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. LOAN RECEIVABLES

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Securities dealing and brokerage services:		
– Secured margin loans	98,262	68,361
Less: Impairment loss recognised	(23,053)	(23,053)
	75,209	45,308
Financing business:		
– Unsecured loans	6,367	6,509
– Secured mortgage loans	159,803	162,438
Less: Impairment loss recognised	(16,669)	(16,295)
	149,501	152,652
	224,710	197,960
The Group's loan receivables (net of impairment loss) are analysed into:		
– Non-current assets	75,245	55,815
– Current assets	149,465	142,145
	224,710	197,960

There were no significant movements in the impairment of loan receivables during the Review Period. For the mortgage financing business, the net balance of secured loans (net of impairment) was HK\$149,411,000 at 30 September 2016 (31 March 2016: HK\$152,546,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. LOAN RECEIVABLES *(Continued)*

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

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
On demand or within 1 year	74,256	96,837
Over 1 year and up to 5 years	21,238	14,905
Over 5 years	54,007	40,910
	149,501	152,652

8. ACCOUNTS RECEIVABLE

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Accounts receivable	27,841	27,393
Less: Impairment losses recognised	(1,311)	(1,311)
	26,530	26,082
Balance in relation to:		
– Securities dealing and brokerage services	26,530	25,960
– Others	–	122
	26,530	26,082

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. ACCOUNTS RECEIVABLE *(Continued)*

An aging analysis of the Group's accounts receivable net of impairment based on the trade dates is as follows:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Within 6 months	9,938	21,390
Over 6 months and up to 1 year	13,774	4,449
Over 1 year	2,818	243
	26,530	26,082

9. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Assets	-	8,908
Liabilities	-	(7,709)
	-	1,199

The Group entered into certain option transactions in the financial year ended 31 March 2016. Up to the end of the Review Period, all of the options have been settled.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. ACCOUNTS PAYABLE

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Balances in relation to:		
– Securities dealing and brokerage services (<i>note</i>)	57,113	61,826
– Others	99	110
	57,212	61,936

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

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

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Within 6 months	–	11
Over 6 months and up to 1 year	–	–
Over 1 year	99	99
	99	110

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. OPERATING LEASE ARRANGEMENTS

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

(a) Lessor

Rental income from investment properties for the Review Period was HK\$1,693,000 (2015: HK\$1,355,000). As at 30 September 2016, the Group had committed tenants for its investment properties for the subsequent 1 month to 21 months.

At the end of the Review Period, the Group had contracted with tenants for the following future minimum lease payments:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Within one year	2,123	2,777
In the second to fifth year, inclusive	437	597
	2,560	3,374

(b) Lessee

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

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Within one year	3,420	4,136
In the second to fifth year, inclusive	1,035	1,052
	4,455	5,188

12. CONTINGENT LIABILITIES

As at 30 September 2016, the Group had no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the six months ended 30 September 2016, the turnover of the Group was HK\$108,943,000, representing an increase of 4% as compared to the HK\$104,422,000 in the corresponding period last year. Net profit amounted to HK\$2,062,000 (2015: HK\$2,480,000). The Board proposed a payment of interim dividend with a scrip alternative at the rate equivalent to HK\$0.10 or HK10 cents for every 100 shares (2015: nil), and a bonus issue of 1 warrant for every 5 shares (2015: nil).

BUSINESS REVIEW

Financial Services

We set our sights on the provision of one-stop financial services and continued to augment our business scope. With the additions of asset management and sponsor services for newly listed shares, we hold a total of four licenses granted by the Securities and Futures Commission (the “SFC”) to provide our regulated services under Type 1 (Dealing in Securities), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management). Given the boost from comprehensive services such as the underwriting and placement of new shares and margin loans, we believe the corporate finance and margin financing businesses will prove to be considerable sources of income for the Group.

Under the brokerage business, we endeavoured to provide customers with highly competitive margin ratios and interest rates such that customers can enjoy greater flexibility in the allocation of liquidity for their investments. By virtue of our promotional events, the total number of securities trading client accounts at 30 September 2016 had increased by approximately 2% when compared to that as at 31 March 2016.

On the asset management front, we observed that many mainland investors are keen on exploring investment opportunities overseas. In light of this, our professionals in the asset management field provide tailor-made financial products to high net worth investors and are planning to set up funds to offer our clients attractive investment packages.

Mortgage Financing

Revenue growth in our mortgage financing segment remained steady. The interest income for the current period was HK\$15,525,000, an increase of 9% compared to that in the corresponding period last year. During the Review Period, our professional and reliable services and the trust and support of our clients enabled us to maintain a higher level of loan receivables balance at HK\$149,411,000 as at 30 September 2016.

Moreover, we had adopted a number of measures to reduce operation risks by accepting only loans secured by residential properties and enhancing internal approval procedures to minimise losses arising from bad debts.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Development and Investment

The investment properties of the Group comprise of a commercial property located at Des Voeux Road Central (the “Central Property”), a premium residential property in Sai Kung and a redevelopment project located at the prime location of Fei Ngo Shan Road. As at 30 September 2016, the total market value of the properties amounted to HK\$308,200,000.

Hong Kong is an international financial centre and the demands for commercial properties are inherently robust. The Group has leased out all units of its Central Property and reaped stable rental income. With respect of the redevelopment project located at Fei Ngo Shan Road, site formation and foundation works are underway and the redevelopment is due to be completed in 2017.

Trading of Securities

The Group held securities investments in 23 listed shares in total, which were engaged in the sectors of (i) natural resources; (ii) banking; (iii) industrials; (iv) financial; (v) properties and construction; and (vi) insurance and others. During the Review Period, the investment portfolio recorded an aggregate unrealised losses of approximately HK\$5,256,000, which was mainly due to the influence of the stock market in Hong Kong and the global economic environment.

Out of the those unrealised losses, approximately HK\$4,972,000 was attributable to the investment in a natural resources company (the “Resources Company”). The Resources Company is a company listed on the Main Board of the Stock Exchange and is principally engaged in the coalbed methane gas exploration and exploitation in the PRC as well as the sale of electronic components and treasury. The decline in the share price of the Resources Company during the Review Period, among other things, might be because of the low prices of natural resources during the Review Period. However, in the long term, in light of the emphasis on environmental protection and the future demand for natural resources, we believe that the coalbed methane business in which the Resources Company is mainly engaged will have positive prospects in the global market. The business development of the Resources Company shall be well-positioned to contribute positive returns to the Group in the future.

PROSPECTS

Delay in the rate hike by the Federal Reserve and increasing quantitative easing from central banks in Europe resulted in a favourable environment for global investors.

In September 2016, the China Insurance Regulatory Commission announced that the insurance funds in the PRC are allowed to buy listed shares of the Hong Kong stock market. Following the footsteps of the “Shanghai-Hong Kong Stock Connect”, the “Shenzhen-Hong Kong Stock Connect” is also around the corner. The two moves are expected to increase the percentage of participation of mainland investors in the stock market in Hong Kong. They also show that the mainland capital market continues its process to integrate with the global capital market. It will create an opportunity for our financial business, corporate finance and mortgage business.

MANAGEMENT DISCUSSION AND ANALYSIS

Due to the regulatory measures taken by the Hong Kong Monetary Authority on mortgage loans lent by banks in Hong Kong, we, as a corporation with an adequate management system, will benefit from such relevant policies. To accommodate the ever-increasing demand for our mortgage loans, in addition to our internal resources, we will continue to utilise external facilities to support related operations, while the low interest rate environment may reduce the interest expenses of the Group.

Due to the extended depreciation of Renminbi and the implementation of regulatory policies for the property market by the PRC government, more and more mainland firms and investors are actively seeking opportunities to buy real estate in Hong Kong, which is regarded as strong support to the value of properties owned by the Group.

FINANCIAL REVIEW ON LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2016, the Group's net asset value was approximately HK\$564,460,000 (31 March 2016: HK\$558,748,000) and cash at bank and in hand totaled approximately HK\$144,918,000, which was 26% of the Group's net asset value, (31 March 2016: HK\$135,833,000) of which approximately 95% was held in Hong Kong dollar, approximately 4% in Renminbi and approximately 1% in US dollar.

As at 30 September 2016, the market value of the Group's investment properties was HK\$308,200,000, and the financial assets at fair value through profit or loss was HK\$69,263,000. They accounted for 55% and 12%, respectively, of the Group's net asset value as at 30 September 2016.

Borrowings including bank loans and promissory note payables as at 30 September 2016 amounted to approximately HK\$219,203,000 (31 March 2016: HK\$168,398,000), of which approximately HK\$169,413,000 (31 March 2016: HK\$118,234,000) were repayable within one year. All of the borrowings were denominated in Hong Kong dollar. During the Review Period, the interest rates for the bank loans were charged (i) on a monthly basis at the rate of 2.75% below the prime rate of 5.25% per annum for Hong Kong dollar quoted by the bank, and the effective rate was 2.5% per annum; (ii) on a monthly basis at the rate of 2.25% over the 1-month Hong Kong Interbank Offered Rate ("HIBOR"); (iii) at the rate of 2.95% over HIBOR for a duration of 1, 2 or 3 months; and (iv) on a quarterly basis at the rates of 2.875% and 3.05% over the 3-month HIBOR. For the promissory notes issued by the Group, the interest rates were charged at the range of 5% to 8% per annum. The gearing ratio, being the ratio of total borrowings to shareholders' fund of approximately HK\$572,654,000, was about 0.4 (31 March 2016: 0.3).

As at 30 September 2016, time deposits totaling approximately HK\$6,259,000 and investment properties with a total market value of approximately HK\$308,200,000 were pledged to banks to secure the banking facilities that were granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

CREDIT RISK

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

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

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. The following chart provides information on the number of responsible officers of the Group for each regulated activity:

Type of license	Regulated activity	Number of responsible officers
Type 1	Dealing in securities	8
Type 4	Advising on securities	4
Type 6	Advising on corporate finance	5
Type 9	Asset management	3

In order to safeguard clients' interests and comply with the requirements of the SFO, our monitoring team has carried out ongoing checks and verifications so that we are able to maintain our service standard at a satisfactory level. During the Review Period, we have properly managed a total securities trading turnover of approximately HK\$1.9 billion and our operation had complied with the SFO. Clients were satisfied with our services.

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\$149,411,000 at 30 September 2016 and the operation had complied with the Money Lenders Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY RISK

The Group's policy is to regularly assess the current and expected liquidity requirements of the Group and ensure that the Group maintains reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements. As at 30 September 2016, the amount of undrawn banking facilities of the Group was approximately HK\$82,330,000.

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.

PRICE RISK

The Group is exposed to equity price risk arising from individual equity investment classified as financial assets at fair value through profit and loss. This risk results from the decrease in the levels of equity indices and the value of individual securities. The Group's investments are the listed shares or the derivative products linked to the listed shares, which are valued at the quoted market prices or based on the independent valuation. The Group continues to monitor the movements in equity price and will consider hedging the risk exposure should the need arise.

FOREIGN EXCHANGE EXPOSURE

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

STAFF

As at 30 September 2016, the Group had 89 employees. During the Review Period, the Group's remuneration packages were structured with reference to prevailing market practice and individual merits. Salaries have been reviewed periodically based on the employees' performance appraisal and other relevant factors. The Group also maintains certain staff benefit plans including medical insurance, hospitalisation scheme, mandatory provident fund and share option scheme.

DIRECTORS' INTEREST IN SECURITIES

As at 30 September 2016, none of the Directors and chief executive of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which required notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS

The Register of Substantial Shareholders maintained under Section 336 of the SFO shows that, as at 30 September 2016, the Company had been notified of the following interests in the Company:

	Number of ordinary shares	Underlying shares	Total	Percentage
Mr. Cheung Chi Shing ("Mr. Cheung") (note 1)	904,650,463	180,930,092	1,085,580,555	24.73%
Ms. Yeung Han Yi Yvonne ("Ms. Yeung") (note 2)	904,650,463	180,930,092	1,085,580,555	24.73%
Mr. Cheung Hoo Yin ("Hooyin Cheung") (note 3)	252,247,456	50,449,491	302,696,947	6.90%

Notes:

1. Mr. Cheung personally held 796,729,674 ordinary shares and underlying shares of the Company. As Mr. Cheung is the sole shareholder of K.Y. Limited ("KY"), he was deemed to have interest in 137,182,644 ordinary 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 ordinary 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 of the Company beneficially interested by Mr. Cheung.
3. Mr. Hooyin Cheung is the son of Mr. Cheung and Ms. Yeung

Save as disclosed herein, so far known to the Directors or chief executives of the Company, as at 30 September 2016, there was no other person that had interests or short positions in the shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

SHARE OPTION SCHEME

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.

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

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

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

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

Under the Scheme, there were no options granted, exercised, cancelled or lapsed during the Review Period.

As at 30 September 2016, the Company had no share options outstanding under the Scheme.

RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Short-term benefits	1,480	1,464
Post-employment benefits	36	35
	1,516	1,499

The remuneration for Directors and key executives is determined by the Remuneration Committee, which takes into consideration the individual's experience, duties and responsibilities in the Group and market trends.

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

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Rental income from K.C. (Asset) Limited (note 1)	510	510
Interest paid to Fintech Pte Limited ("Fintech") (note 2)	182	4
Interest paid to Mr. Woo Peter Ping ("Mr. Woo") (note 3)	162	–
Interest paid to Ms. Ng Kai Ning ("Ms. Ng") (note 4)	264	85
Interest paid to Ms. Inez Lee ("Ms. Lee") (note 5)	400	336
Fee income received from Mr. Woo	35	178

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

Note 2: Fintech is a company controlled by Mr. So Han Meng Julian ("Mr. So") during the Review Period. Mr. So is a substantial shareholder of a non-wholly owned subsidiary of the Company and a director of a subsidiary controlled by that non-wholly owned subsidiary.

Note 3: Mr. Woo is a substantial shareholder of a non-wholly owned subsidiary of the Company and a director of certain subsidiaries controlled by that non-wholly owned subsidiary.

Note 4: Ms. Ng is the daughter of Mr. Ng Yiu Chuen, an executive Director of the Company.

Note 5: Ms. Lee is the wife of Mr. Woo.

RELATED PARTY TRANSACTIONS

The following option transactions were entered into between the Group and its related parties in the year ended 31 March 2016 and have already been settled by the end of the Review Period:

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 a listed company (the "Subject Company") (note)
10 April 2015	Put/call	The Group/ Mr. So	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: The Subject Company is a public company that is listed on the Main Board of the Stock Exchange.

RELATED PARTY TRANSACTIONS

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

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Accounts receivable:		
Amount due from Mr. Hoowin Cheung (note 1)	1,016	976
Accounts payable:		
Amount due to Mr. Cheung (note 2)	4,680	3,188
Amount due to Ms. Yeung (note 2)	283	283
Amount due to KY (note 2)	260	260
Amount due to Mr. Hooyin Cheung (note 2)	1,258	1,330
Amount due to Ms. Cheung Lok Chi ("Ms. Cheung") (notes 2 & 3)	13,088	87
Amount due to Elfie Limited (notes 2 & 3)	2,420	2,394
Amount due to Ms. Lee (note 2)	47	1,053
Amount due to Mr. Woo (note 2)	417	–
Promissory note payables:		
Amount due to Fintech (note 4)	5,800	1,500
Amount due to Mr. Woo (note 4)	1,500	–
Amount due to Ms. Ng (note 4)	6,600	6,600
Amount due to Ms. Lee (note 4)	10,000	10,000
Amount due to Ms. Cheng Chui Shan Phyllis ("Ms. Cheng") (notes 4 & 5)	2,200	–

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

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

Note 3: Elfie Limited is beneficially owned by Mr. Cheung and Ms. Yeung. The directors of Elfie Limited are Mr. Hoowin Cheung, Ms. Cheung and Mr. Hooyin Cheung. Ms. Cheung is the daughter of Mr. Cheung and Ms. Yeung.

Note 4: The promissory note payables bear interest rates at the range from 5% to 8% per annum and are repayable within one year.

Note 5: Ms. Cheng is the wife of Mr. Ng Yiu Chuen, an executive Director of the Company.

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

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

BONUS ISSUE OF WARRANTS

Bonus Issue of Warrants – 2015:

On 14 July 2015, the Board proposed 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 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 warrants would result in the issue of 857,125,280 new shares. Details of the exercise of warrants are set out as follows:

	Number of warrants	Amount HK\$'000
Number of warrants issued	857,125,280	85,713
Warrants exercised during the year ended 31 March 2016	(67,378,080)	(6,738)
At 1 April 2016	789,747,200	78,975
Warrants exercised during the Review Period	(36,501,550)	(3,650)
At 30 September 2016	753,245,650	75,325

As disclosed in the Announcement, the Group will apply any subscription monies received as and when subscription rights are exercised towards the general working capital of the Group and potential investments as intended. As at 30 September 2016, the total amount of subscription monies HK\$10,388,000 was placed in a bank. The Bonus Issue of Warrant – 2015 expired on 4 November 2016.

Bonus Issue of Warrants – 2016:

To act in the best interest of the Shareholders, on 24 November 2016, the Directors proposed a new issue of bonus warrants to the Shareholders on the basis of 1 warrant for every 5 shares (the "Bonus Issue of Warrants – 2016"). Details of the Bonus Issue of Warrants – 2016 will be announced in due course.

For determination of the Shareholders' entitlements to the Bonus Issue of Warrants – 2016, the register of members of the Company will be closed from 26 January 2017 to 27 January 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the Bonus Issue of Warrants – 2016, Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 25 January 2017.

REVIEW BY AUDIT COMMITTEE

The Company has an Audit Committee comprising five INEDs. The Audit Committee has reviewed the unaudited interim financial statements for the Review Period and has discussed the financial related matters with the management.

On behalf of the Board

Zhao Qingji

Chairman

Hong Kong, 24 November 2016



大凌集團有限公司
STYLAND HOLDINGS LIMITED

股份代號 Stock Code: 0211

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