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

金融服務 成就優裕未來

FINANCIAL SERVICES for a WEALTHIER TOMORROW

2017/18 ANNUAL REPORT 年報

創立於1977年
Established in 1977

Financial Services for a Wealthier Tomorrow

Financial Services for a Wealthier Tomorrow is our theme for this year's annual report. We have chosen this theme as it represents the Styland Group's everyday focus of helping its clients build a wealthier tomorrow. To lead our clients to a brighter and wealthier tomorrow, we at the Styland Group provide intelligent financial solutions to our clients that precisely match their needs and goals. We have a broad range of high-quality financial services comprising stock broking, brokerage financing, corporate finance and asset management. Additionally, we offer mortgage financing solutions to our clients that are tailor made to their specific requirements. These core businesses of ours are our key strengths and we leverage these strengths to capture good opportunities for our clients.

金融服務 成就優裕未來

「金融服務 成就優裕未來」是我們本年年報的主題。此主題能夠體現大凌集團每天聚焦協助客戶建立優裕未來的努力。為引領我們客戶邁向更亮麗和優裕未來，大凌集團仝人致力為客戶提供能夠緊貼客戶需要和目標的智能金融解決方案，同時提供一系列完備的優質金融服務，包括股票經紀、經紀融資、企業融資及資產管理。此外，我們提供切合客戶需要的度身訂造按揭融資方案。以上核心業務是我們的主要優勢。這些優勢讓我們能夠為客戶抓緊黃金機會。

Contents

Our Core Businesses

Financial Services

Stock Broking – Our brokerage division provides stock broking services and online stock trading services to clients.

Brokerage Financing – We provide our clients financing services for trading stocks and other listed securities, and for subscribing in new shares of initial public offerings ("**IPOs**").

Corporate Finance – Our corporate finance division provides a wide range of corporate finance solutions to corporate clients. We specialize in IPOs and possess a track record in acting as the sole sponsor, bookrunner and lead manager for IPOs. We also provide new share placement services and other equity and debt financing solutions to clients.

Asset Management – Our asset management division provides tailor-made asset management solutions to high net worth clients. We help clients reach their financial goals as well as obtain a competitive return on their investments.

Mortgage Financing

Our mortgage financing division provides loans to individuals, corporations and institutions that are secured by real estate collaterals. We focus on first-mortgage and second-mortgage loans, and offer customers attractive interest rates.

Property Development & Investment

We develop and invest in properties. We focus on properties that are good long-term assets that provide the Group good rental yields and good appreciation prospects.

Securities trading

Our securities trading division engages in the trading of securities and derivative products.

Chairman's Statement

At the Styland Group, we focus on high growth businesses that provide the Group with competitive returns. In the road ahead, we plan to capture new opportunities that generate growth for the Group and create value for our stakeholders.

Chairman's Statement

Dear Shareholders,

I am delighted to present to you our annual report for the year ended 31 March 2018 ("**FY2018**").

FY2018 was a year marked by significant achievements. During the year, we successfully launched the Most Kwai Chung IPO in Hong Kong and the IPO shares from the retail tranche became the most subscribed IPO shares in Hong Kong's history. Another highlight of the year was that we obtained our license for dealing in futures contracts.

With respect to the Group's financial performance in FY2018, we recorded a turnover of HK$248,614,000 for FY2018, which is a modest 5% improvement compared to that in the previous financial year. We recorded a loss of HK$17,348,000 for FY2018. The reason for this loss was mainly due to the effect of the decrease in fair value gain of investment properties.

CORPORATE FINANCE DIVISION ACHIEVED NEW SUCCESSES

In FY2018, our corporate finance division reaped a number of new successes, one of which was the successful launch of the Most Kwai Chung IPO in Hong Kong (stock code: 1716). Our Group's wholly owned subsidiary, Ever-Long Securities Company Limited, acted as the sole sponsor, bookrunner and lead manager for the Most Kwai Chung IPO. The IPO shares of Most Kwai Chung Limited were highly demanded by investors as the retail IPO portion was 6,289 times subscribed, which was a record high for a Hong Kong IPO. We contribute this success to our corporate finance team's extensive experience in IPOs as well as the team's talent in leading and managing this initial public offering.

OBTAINED TYPE 2 LICENSE FOR DEALING IN FUTURES CONTRACTS

In FY2018, the Group reached a new milestone as it was granted its Type 2 license by the SFC for dealing in futures contracts. This Type 2 license is important to us because it enables us to trade index and commodities futures for clients as well as buy and sell futures contracts for clients. Our ability to trade futures is advantageous to the Group as this provides the Group a whole new source of income. Furthermore, with our Type 2 license in place, we are now able to provide our clients a wider range of investment vehicles to choose from.

ASSET MANAGEMENT DIVISION ESTABLISHED 3 NEW SUBORDINATE FUNDS

During FY2018, our asset management division set up 3 new subordinate funds. Each of these funds caters to a specific clientele and invests in a particular type of asset. As risk appetite varies from client to client, we have set up these funds so that we have suitable funds for the risk-averse clients as well as funds that are suitable for other clients that can accept a greater level of risk in order to gain a higher rate of return on their investment. With these 3 new subordinate funds in place, we have effectively broadened our product line of funds that we offer clients. We believe this enlarged portfolio of investment options will enable our asset management division to gain more business in the future.

Chairman's Statement

STAYING ON COURSE – OUR CONTINUED FOCUS ON HIGH GROWTH BUSINESSES

At the Styland Group, we have always focused on pursuing high growth businesses that provide the Group with competitive returns. Our core businesses, the businesses where our greatest competitive strengths lie, are our high growth businesses. As such, we will continue to focus on building and improving our core business of financial services in view of generating greater growth for the Group.

Mortgage financing is one of our high growth core businesses. There has always been a strong and steady demand from the market for our mortgage financing solutions. Moreover, our mortgage financing business is very important to the Group as it provides the Group a stable stream of income. With its strong team of sales, compliance and credit control staff, our mortgage financing division has continuously performed well during the year.

IN THE ROAD AHEAD

In the road ahead, we plan to capture new opportunities that generate growth for the Group and create value for our shareholders and customers.

As for capturing new business opportunities for the Group, an attractive prospect that we see down the road is the opportunity for the Group to gain new business from China's Greater Bay Area. China's Greater Bay Area is expected to play a leading role in global innovation, finance and trade. Based on our research finding on the Guangdong-Hong Kong-Macau Greater Bay Area, this region is expected to have a population of approximately 66 million people. This large population is an indication that the Guangdong-Hong Kong-Macau Greater Bay Area will be a gigantic market for companies that are targeting consumers. This is good news for us because when this region opens up in the future, the businesses and individuals that are there will require the kinds of financial service that our Group provides. With our extensive experience in the financial services business, we see good opportunities for expanding our footprint into the Guangdong-Hong Kong-Macau Greater Bay Area in the future.

CELEBRATING THE STYLAND GROUP'S 41ST YEAR IN BUSINESS

The Styland Group has now entered into its 41st year in business. Going forward, we will leverage the wealth of experience and wisdom we have gained from conducting our business over the past 4 decades to take the Group to a higher stage of prosperity and growth.

It is this rich history of ours that makes the Styland Group unique. We assure you, our valued shareholders, we will continue to do our very best to build value for you.

Zhao Qingji
Chairman

Hong Kong, 28 June, 2018

Management Discussion and Analysis

We are deeply devoted to providing excellent customer service to our clients. In FY2018, we reached new milestones in our financial services business. During the year, we also provided our clients investment opportunities from around the world.

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS

Results

In FY2018, the Group achieved a turnover of approximately HK$248,614,000 (FY2017: approximately HK$236,638,000), and recorded a loss of approximately HK$17,348,000 for FY2018 (FY2017: a profit of approximately HK$1,084,000).

Review of Operations

Financial Services

The Group is a reputable financial services provider. To offer our clients a wide range of financial products and services, we hold a total of five licenses granted by the Securities and Futures Commission (the "**SFC**"), namely Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management).

- *Brokerage*

  In FY2018, the global economy gained further momentum and was stronger than expected. China's economy performed steadily with a positive outlook as evidenced by its reasonable level of GDP growth. Despite the trade dispute between China and the United States, the overall global market environment remained favorable. In Hong Kong, our home market, the average daily turnover of the Hong Kong stock market increased significantly during FY2018. The Hang Seng Index opened at 24,237 points on 3 April 2017 and closed at 30,093 on 29 March 2018.

  To cater to investors' rising interest in global stock market investments, under our brokerage service for securities dealing, other than Hong Kong shares and shares of the Shanghai and Shenzhen Stock Connects, we were also able to provide our clients the opportunity to subscribe for shares that were listed in Australia, Canada, Euronext Exchange, Germany, the United Kingdom, the United States and most of the other Asian markets. In addition to the provision of brokerage service for dealing in securities, we also carried out preparation work to prepare the Group for offering clients brokerage service for futures products, including the launch of our operational system for dealing in futures products.

  To broaden our client base, during FY2018, in addition to our Hong Kong home market, we also introduced new marketing and promotional programs to the overseas market. In November 2017, Ever-Long Securities Company Limited, a wholly owned subsidiary of the Group, sponsored the Liverpool Masters football team for its competition held in Singapore against the Arsenal Masters football team. We believe that our sponsorship of the Liverpool Masters football team provided our Ever-Long Securities brand good advertising exposure overseas. Our marketing efforts have enabled us to open new client accounts in FY2018. The number of clients has increased approximately 5% in FY2018. During FY2018, we managed a total securities dealing turnover of approximately HK$8.9 billion.

Management Discussion and Analysis

- *Brokerage Financing*

  With the positive sentiment in the overall market during the year in review, investors became active in entering the stock market. To provide flexibility to our clients, we offered clients margin financing with highly competitive margin ratios and interest rates for trading listed securities and subscribing for new shares in initial public offerings. Thanks to our effective measures in credit control, the Group did not record a material bad debt provision for FY2018.

  As at 31 March 2018, the balance of loans under the brokerage business stood at approximately HK$91,156,000. The brokerage loan interest income for FY2018 was approximately HK$13,445,000, an increase of 13% when compared to that in FY2017.

- *Corporate Finance*

  We are dedicated to providing a broad range of corporate finance services to our corporate clients. Our corporate finance solutions include acting as a placing agent, underwriter or sub-underwriter in equity financing or debt financing. Furthermore, we are licensed to act as the sole sponsor in applications for listing of shares on the Stock Exchange, as well as provide consultancy and financial advisory services in corporate transactions. The corporate finance business has become a growth driver of our financial services core business.

  During FY2018, we have participated in a number of corporate finance deals including the placing and underwriting for new issue of shares, acting as an independent financial adviser in corporate transactions and a sponsor in certain initial public offering ("**IPO**") projects. In FY2018, the Group's wholly owned subsidiary, Ever-Long Securities Company Limited, acted as the sole sponsor, bookrunner and lead manager for the IPO of Most Kwai Chung Limited (stock code: 1716). This IPO was successfully completed in FY2018. The Most Kwai Chung IPO was very popular amongst retail investors as the IPO shares from the retail public offering portion was 6,289 times subscribed, which was a record high in Hong Kong. For FY2018, the revenue from the corporate finance business amounted to HK$10,362,000.

- *Asset Management*

  On the asset management front, we observed that high net worth investors have been keen on exploring investment opportunities from around the world. We are equipped with professionals in the asset management field to provide tailor-made financial products to high net worth investors. During FY2018, we managed three funds with different investment solutions so as to fit our clients' diverse investment targets. Moreover, to accommodate for clients' varied risk appetite, we have further set up three subordinate funds, each of which invests in enterprises that are at different stages of their development. Benefitting from the reform of the mainland'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 asset management segment.

Management Discussion and Analysis

Mortgage Financing

During FY2018, the Hong Kong property market continued to be prosperous. In combination with the prudential measures taken by Hong Kong Monetary Authority, during FY2018, we witnessed the continued, strong demand from the market for mortgage financing services offered by licensed money lenders. Our money lending vehicle, Ever-Long Finance Limited, incorporated in 1993, is a reputable company in the territory and it continued to comply with the Money Lenders Ordinance and the additional guidelines introduced by the HKSAR government back in 2016.

At 31 March 2018, the net balance of our loan receivables reached HK$155,219,000 (2017: approximately HK$142,472,000), and interest income for FY2018 was HK$27,327,000 (2017: approximately HK$29,244,000). To adhere to our policy of maintaining a healthy loan portfolio, we continued to focus on first and second mortgage loans to minimize the credit risks of our loan receivables. The benefit that stemmed from this effective credit control strategy was that the bad debt provision for our mortgage financing was kept at a low level. In light of the keen competition in the mortgage loan market, we continued to diversify our funding resources at a reasonable cost so as to maintain our profit margin at a justifiable level.

Property Development and Investment

During FY2018, the Group disposed of subsidiaries which then held an investment property located in Central at a gross consideration of HK$108,000,000. The transaction was properly completed on 31 July 2017, and the net proceeds were used as working capital of the Group.

With respect of the Group's redevelopment project at Fei Ngo Shan Road with a gross site area of more than 16,000 square feet, the site formation and foundation works of the building have been completed and the superstructure was being carried on during FY2018. This redevelopment project is expected to be completed by mid-2018. In addition, the Group holds a residential property in Sai Kung. As at 31 March 2018, the combined carrying value of the Group's investment properties was approximately HK$268,446,000.

Securities Trading

As at 31 March 2018, the Group held securities investments in a total of 23 securities, which were engaged in the sectors of (i) information technology; (ii) natural resources; (iii) consumer goods; (iv) industrials; (v) banks; (vi) properties and construction; and (vii) others. During FY2018, the investment portfolio recorded an aggregate net unrealized loss of approximately HK$23,956,000.

The losses were mainly due to the net unrealized losses of approximately HK$26,482,000 for the Group's 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 exploration and development as well as the sale of electronic components and treasury. The decline in the share price of the Resources Company during FY2018 was because of various market factors. 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.

Management Discussion and Analysis

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

Prospects

Notwithstanding the trade dispute between China and the United States, it is believed that such dispute could be settled through negotiation. In fact, China's central government has announced that it would open up China's economy further. This step is expected to help China avoid an escalation in trade restrictions and boost market confidence. In addition, China's official pledged that China would further open up its financial services sector, which included the significant increase in the daily quota for stock connect schemes linking mainland and Hong Kong markets on 1 May 2018. All of these measures would facilitate cross-border investments and had provided favourable conditions for the stock market in Hong Kong. We believe that the Hong Kong financial market will continue to be supported by the PRC's further opening up of its financial sector, and our financial service businesses are expected to benefit from such national policy.

We believe there is still an immense market space for mortgage financing provided by financial institutions. To meet such demand, in addition to our internal resources, we will continue to leverage other available facilities to support our mortgage financing business and utilize financial resources in effective ways to maintain our profitability. However, in view of the increasing concerns about rocketing property prices and the anticipated rise of interest rates, we will continue to strengthen our credit policy to maintain reasonable loan-to-value ratios to lower our market risk and fine tune our business strategy from time to time to adapt to market changes.

As the investment returns from the Hong Kong market are still attractive when compared to other global markets, so even with the upward trend in interest rates in the United States, we saw that investors still preferred to invest their funds in Hong Kong, which makes Hong Kong maintain its environment of relatively abundant liquidity of fund flows and a low level of interest rates. We believe that the Group's investments in properties and securities will continue to benefit from such a low interest rate environment. However, given the pegged exchange rate between the Hong Kong dollar and the US dollar, it is generally expected that Hong Kong will need to follow suit in adjusting Hong Kong interest rates in due course, and this is expected to have an impact on the valuation of the shares and real properties held by the Group. As such, the Group will continue to monitor its property investment strategy and adjust its investment portfolio of securities if and when necessary.

FINANCIAL REVIEW ON LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2018, the Group's net asset value was approximately HK$627,153,000 (FY2017: approximately HK$598,883,000) and cash at bank and in hand totaled approximately HK$119,630,000 of which approximately 87% was held in Hong Kong dollar, approximately 10% in US dollar and approximately 3% in Renminbi (FY2017: approximately HK$178,600,000 inclusive of cash balance contained in the disposal group classified as held-for-sale).

Management Discussion and Analysis

As at 31 March 2018, borrowings including loans, promissory note payables and bond payables amounted to approximately HK$288,052,000 (FY2017: approximately HK$337,240,000 inclusive of bank borrowings contained in the disposal group classified as held-for-sale) of which approximately HK$271,615,000 (FY2017: HK$289,630,000) was repayable within one year. The gearing ratio, being the ratio of total borrowings to shareholders' fund, was about 0.46 (FY2017: 0.56).

Investments in Financial Assets

As at 31 March 2018, the Group held a portfolio of listed and unlisted securities with fair value of approximately HK$79,963,000 (FY2017: approximately HK$76,688,000). The Group will continue to adopt a prudent approach for its investments in financial assets.

Charges on Group Assets

As at 31 March 2018, time deposits of approximately HK$6,310,000 (FY2017: approximately HK$6,273,000) and investment properties of approximately HK$268,446,000 (FY2017: approximately HK$354,000,000 inclusive of the investment property contained in the disposal group classified as held-for-sale) 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 control system for its operations. Under the brokerage business, monitoring teams comprised of licensed responsible officers registered under the SFO and senior management who have acted in compliance with the SFO, have been set up to monitor the settlement matters of traded financial products and cash, and to provide clients services of the regulated activities. Set out below is the information for the number of responsible officers of the Group for each regulated activity:

Type of license	Regulated activity	Number of responsible officers
Type 1	Dealing in securities	9
Type 2	Dealing in futures contracts	2
Type 4	Advising on securities	5
Type 6	Advising on corporate finance	4
Type 9	Asset management	4

Management Discussion and Analysis

In order to safeguard clients' interests and comply with the requirements of the SFO, our monitoring teams have carried out ongoing checks and verifications so that we are able to maintain our service standard at a satisfactory level. During FY2018, the brokerage operation of the Group had complied with the SFO. Clients were satisfied with our services. During FY2018, we have properly managed a total securities trading turnover of approximately HK$8.9 billion.

To maintain the professionalism of the Board, three of the Board members are certified public accountants who monitor or advise the Group on internal control matters. Under the mortgage financing business, we had on hand net consolidated mortgage loans of approximately HK$155,219,000 as at 31 March 2018, 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 realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements. As at 31 March 2018, the amount of undrawn banking facilities of the Group was approximately HK$51,413,000 (2017: approximately HK$75,274,000).

Price Risk

The Group is exposed to equity price risk arising from individual equity investments 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 the 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 prices and will consider hedging the risk exposure should the need arise.

Foreign Exchange Exposure

During FY2018, the Group's business activities as well as its assets and liabilities were mainly denominated in Hong Kong dollar, US dollar, New Taiwanese 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 New Taiwanese dollar or Renminbi when compared to the Group's total assets or liabilities, the Group considers its foreign exchange risks immaterial for FY2018. It is the Group's treasury policy to manage its foreign currency exposure to minimize any material financial impact to the Group.

Management Discussion and Analysis

STAFF

As at 31 March 2018, the Group had 110 staff members (2017: 95) 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, hospitalization 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 5 October 2018 to 9 October 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, shareholders of the Company 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 4 October 2018.

MATERIAL ACQUISITION AND DISPOSAL

- On 24 March 2017, Styland (Development) Limited, an indirect wholly owned subsidiary of the Company, entered into a provisional agreement to dispose 100% of its shares in Full Bright Global Limited ("**Full Bright**") at a gross consideration of HK$108,000,000. Full Bright, together with its subsidiary (the "**Full Bright Group**"), mainly held an investment property of the Group. On 22 May 2017, the parties hereto entered into the formal agreement. Details of the disposal of the Full Bright Group are set out in the announcement of the Company dated 24 March 2017. The transaction was properly completed on 31 July 2017.

- On 31 August 2017, Brighten Int'l Holdings Limited, a non-wholly owned subsidiary of the Group, entered into two separate sales and purchases agreements in relation to the disposal of its subsidiary, Brighten Finance Limited ("**BFL**"). One of the agreements was related to the disposal of 75% equity interest in BFL to a fund (the "**Fund**") at a consideration of HK$22,500,000 while the other agreement was related to the disposal of the remaining 25% to an independent third party. On 27 September 2017, the disposal of the 75% equity interest to the Fund was completed. In respect of the disposal of 25% equity interest in BFL, 12.5% was completed on 30 october 2017 and the remaining 12.5% was completed on 3 April 2018.

CONTINGENT LIABILITIES

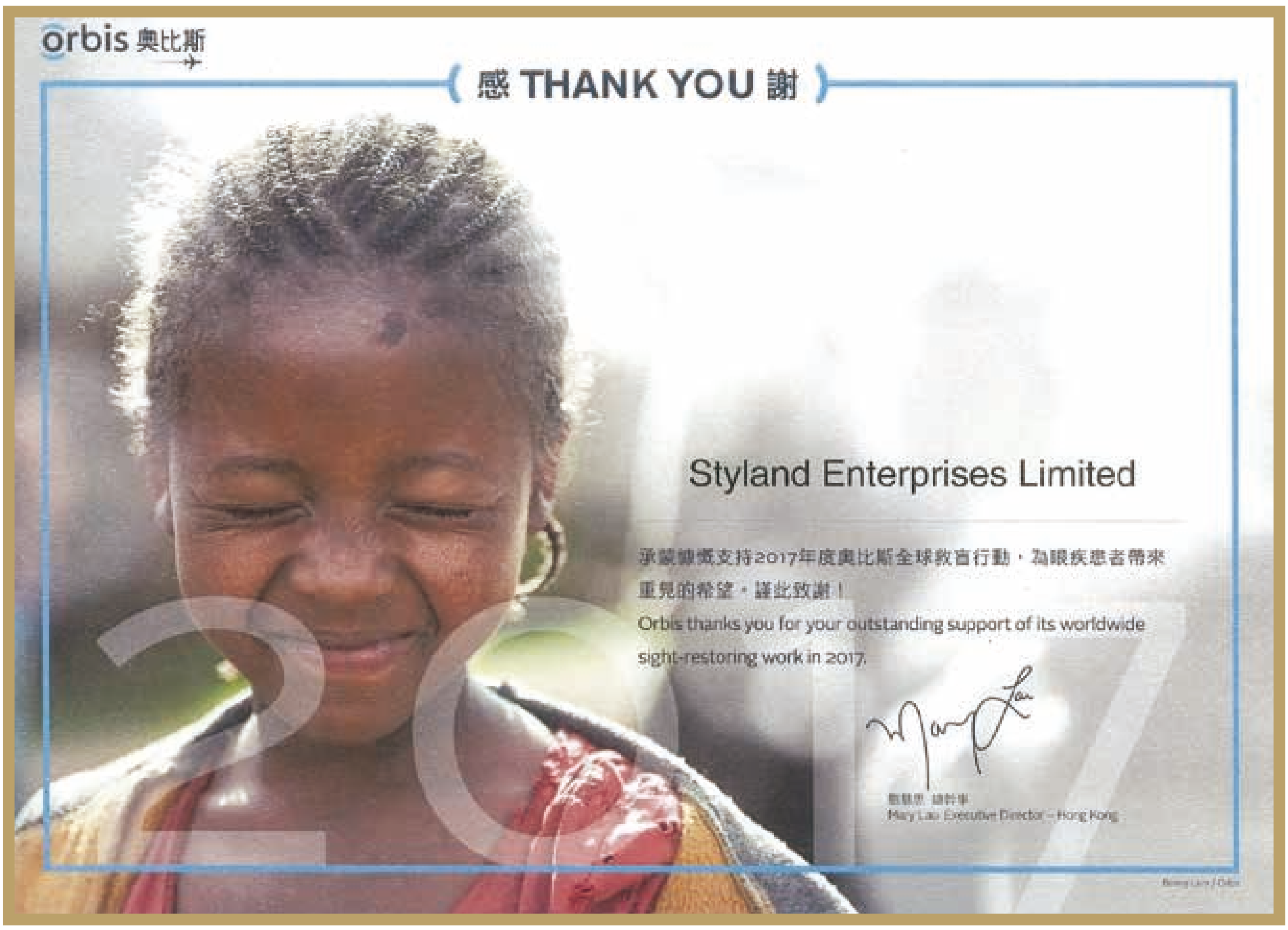
As at 31 March 2018 and 2017, the Group did not have any material contingent liabilities.

Environmental, Social and Governance Report

ABOUT THIS REPORT

The purpose of this Environmental, Social and Governance (hereinafter called "**ESG**") Report is not only to communicate the sustainability strategies, management approaches and performances of Styland Holdings Limited and its subsidiaries (collectively the "**Group**" or "**we**") with the stakeholders, but also strengthen the Group's understanding of its ongoing activities in sustainable development of the society and the environment as a whole. This ESG Report summarizes the efforts and achievements made by the Group in corporate social responsibility and sustainable development.

The Group hopes to develop its business objectives and create shareholders' and investors' value, while at the same time protect the ecological environment by fully utilizing resources and minimizing the emission of pollutants during its operation. As a responsible and visionary corporate citizen, we balance the relationship between operations and environment by continuously optimizing operations management, business strategies and policies on environmental protection, training and development, and community investment; and contribute towards the sustainable development of the globe, humankind and our business.



Environmental, Social and Governance Report

Scope and Period of Reporting

This ESG Report covers the Group's businesses in the financial services, mortgage financing, property development and investment, and trading of securities and presents the Group's strategic approach to sustainability and performance in the environmental and social aspects of the above businesses. A summary of the environmental indicators and the performance data are listed out at the "Environmental Performance Data Summary". The reporting period is for the financial year ended 31 March 2018.

Reporting Guidelines

This ESG Report has been prepared in accordance with the updated Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited, as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

ENVIRONMENTAL PROTECTION

The Group has always adhered to its management philosophy of sustainable development, and is devoted to care about and protect nature, proactively participate and support environmental protection activities, promote the concept of "Protecting the environment; everyone should take part in it" and hopes to create a beautiful world together. In order to let employees realize that everyone has impact on the environment, we take various actions and set up policies with an aim to reduce our carbon footprint. We will continue to strive to reduce our impact on the environment by incorporating environmentally friendly habits into our personal and business lives. We also hope that all of our staff can start from themselves and convey the message of protecting the environment to their families, friends and business partners, and at the same time, build powerful cohesion, and alleviate climate change jointly.

Management of Emissions

In the Group's business activities, energy consumption accounts for the majority of the Group's greenhouse gas emissions. In order to realize our goal of energy conservation and emission reduction, we reduce energy consumption, improve energy efficiency and reduce environmental impact by undertaking various energy saving measures (refer to the section "Management of Resources Utilization" below for details). Waste management mainly involves collection of waste paper for recycling. No hazardous waste was generated in connection with our business.

Environmental, Social and Governance Report

The Group's property development business includes a redevelopment project at Fei Ngo Shan Road. The project was outsourced to a contractor. The total site area was more than 16,000 square feet. The original buildings were demolished in the previous year. During the reporting period, the major work on foundation engineering was completed. The requirements under environmental protection legislation were observed. During the construction period, the use of cement, soil, gravel, silt, stone, sand and so on produced dust. The contractor has properly enclosed the site, sprayed water and placed barriers to reduce air pollution. Due to the remote location of the site, the impact from noise to the surrounding environment was not significant. The solid wastes from construction can be divided into inert materials (such as concrete, stone and brick) and non-inert wastes (such as timber and plastic). Recyclable waste was handled by the recycler, and non-recyclable inert and non-inert wastes were sent to public filling facilities and landfills respectively. The Group did not produce any hazardous wastes for its redevelopment project carried out during the reporting period. The contractor has obtained a licence under the Water Pollution Control Ordinance for wastewater discharge to the appropriate drainage and sewage. All contaminated water must be treated prior to discharge. The contractor has taken precautionary measures, such as covering the soil with tape, so as not to contaminate the surface runoff.

Management of Resources Utilization

We set up a "Green Office" for employees. This Green Office has been beneficial for the environment and the Group. As a result of our Green Office, not only work efficiency was enhanced, resources were also utilized more efficiently and wastes were reduced. This is a win-win-win situation for our employees, the Group and the earth. We encourage employees to adopt two major principles: 5S and 4R. "5S" are "Sort", "Straighten", "Shine", "Standardize"; "Self-discipline"; and "4R" refers to "Reduce", "Reuse", "Recycle" and "Replace". With the coordination of our policies, we require that every employee understand the importance of resources conservation, utilize resources fully with its highest effectiveness, as well as reduce waste in our use of resources.

Environmental, Social and Governance Report

(1) Conservation of Energy

Our electricity conservation policies have introduced numerous measures to save energy and to raise the electricity efficiency of electrical appliances. We encourage our employees to change their habit of using electrical appliances. The control measures include the use of energy-saving lightings, photocopiers and printers with energy efficiency labels; switching off office equipment such as computers, photocopiers, printers and air conditioners at night time and during weekends when they are not in use; further minimized the energy consumption of equipment under "Standby" mode by unplugging computers and electrical appliances; the temperature of air conditioning is set at 25.5 degrees Celsius.

During the reporting period, the Group's business consumed approximately 101 megawatt hours of electricity and approximately 3 tonnes of gasoline. With reference to the guidelines of the Greenhouse Gas Protocol and the regional emission factors, greenhouse gas emissions were calculated from the above-mentioned data. During the reporting period, in terms of total carbon dioxide emissions, Scope 1 emissions were approximately 11 tonnes and Scope 2 emissions were approximately 114 tonnes.

(2) Conservation of Water

Water conservation should start from daily life. We raise the consciousness of our staff about efficient use of water and reduce waste. For example, staff should finish drinking the water in their mugs, potable water is not used for other purposes, etc.

(3) Conservation of Paper

We encourage our staff to save paper and reduce paper wastage. We distribute files in electronic format to minimize photocopying and printing; fully utilize paper by reusing single-sided papers and collecting double-sided printed papers to the recycler for handling. During the reporting period, the Group's business consumed approximately 4 tonnes of paper.

(4) Others

Other measures to reduce carbon emissions include more use of mugs in the office and for serving customers; to avoid using disposable paper cups; reduced use of disposable utensils; more conference calls and less business trips, and to encourage employees to travel by public transport.

The Environment and Natural Resources

The impact of the Group's business activities on the environment mainly attributed to the use of natural resources in the office. Hence, we focused on the environmental education and advocacy among staff. Various resource-saving measures have been implemented to raise the awareness of our people to understand the importance of resource conservation. They are encouraged to make full use of resources to maximize their effectiveness and avoid wastage of resources. Please refer to "Management of Resources Utilization" above for details.

Compliance

During the reporting period, there were no confirmed non-compliance incidents in relation to environmental protection that have a significant impact on the Group.

Environmental, Social and Governance Report

EMPLOYMENT AND LABOR PRACTICES

Employees are our valuable assets and the key driver for the Group's sustainable and long-term business development. We are devoted to create a non-discrimination, equal, harmonious and safe workplace; build up a good relationship with our people where there is mutual respect; encourage our employees to be innovative, flexible and committed when dealing with our customers, and provide high quality services. To accomplish this target, we offer opportunities of advancement to attract, develop, retain and reward our talented staff; provide commensurate remuneration, personal growth and career development training; together with other fringe benefits, such as retirement benefits, vacation, insurance and other welfares. Besides, we promote work-life balance and focus on our staff's physical and mental health; we organize activities to enrich their leisure time and, at the same time, we promote team cohesion.

Talent Selection

We follow the principles of openness and non-discrimination to recruit and hire. We are also devoted to protecting the human rights and privacy of our employees. During staff recruitment, knowledge, ability, morality and job requirements are used as the selection standards, and the principles of fairness, equality and openness are followed; and all candidates are not discriminated against because of their race, religion, sex, age, marital status and disability. We provide equal opportunities to employees in providing benefits, promotion, performance appraisal, training and career development. We only consider their morality, knowledge, ability and technical skills, etc. We work with our employees together to create a win-win situation.

Labor Standards

The Group respects human rights and strictly prohibits any unethical hiring practices, including child labor and forced labor in the workplace. Policies and procedures are established to comply with the relevant labor laws and regulations. During the recruitment process, we review the identity documents of the applicants and never hire any applicant below the legal working age. The work hours of our staff are in line with the relevant local labor laws and regulations. Staff consent for working overtime is needed so as to prevent forced overtime work; and they are compensated in accordance with the requirements of the relevant laws and regulations.

Compensation and Welfare

The Group attracts and retains outstanding talents with competitive remuneration packages and regularly examines its salary levels to ensure they are up to standard. The Group collects up-to-date remuneration data within its industry and strives to establish a fair, reasonable and competitive remuneration scheme. Our staff's level of salary is decided based on the staff's knowledge, skills, experience and educational background relevant to their work requirements. Basic remuneration and fringe benefits of employees includes basic salary, paid holidays, and insurance etc. For employees with outstanding performance and contributions, we offer discretionary bonus, subsidies and allowances, commission and year-end bonus as reward. The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the businesses and success of the Group's operations. We observe and strictly comply with the relevant labor laws and regulations. Employees are entitled to rest days, statutory holidays, annual leave, sick leave, marriage leave, funeral leave, maternity leave, and paternity leave and so on. Staff participate in mandatory provident fund scheme as a retirement protection benefit. Working hours are subject to local labor laws and regulations. We terminate and compensate staff in accordance with local laws and regulations.

Environmental, Social and Governance Report

In order to enhance the cohesion between employees and help them build up a sense of belonging, and to relax; we organize regular gatherings, including quarterly birthday parties, Lunar New Year dinner, Mid-autumn festival gathering, Christmas party and so on.

Development and Training

An excellent corporate team is critical to our sustainable and long-term business development. Therefore, we established a long-term talents development training strategy; encourage staff to continue study and lifelong learning. New hires are provided on-the-job training; and our Human Resources department together with the supervisors from the hiring business unit introduce to the new staff about the corporate culture, industry knowledge and job duties. Ongoing training can enhance the employees' professional knowledge and work skills; and also provide a reasonable guarantee to investors that our professional staff have the necessary technical knowledge, professional skills and business ethics; and are able to discharge their job duties efficiently and with integrity. In addition, we provide tuition fee subsidy to the employees who are interested in taking courses relevant to our businesses, the staff's job duties, for enhancing their professional knowledge and skills, and bringing potential benefits or contributions to the Group.

Health and Safety

We take a comprehensive preventive approach to staff health and work safety, including illness and injury prevention. We have clear evacuation procedures in case of fire outbreak in the offices, so that our employees can take sensible and immediate action. It is all staff members' responsibility to build a healthy and smoke-free working environment. Smoking in the office areas, toilets or staircase are absolutely prohibited. The air quality in the office directly affect our employees. As such, we employ professional cleaners to clean the office air conditioning facilities. Besides, to promote the concept of green office, we decorated our office with numerous plants and to provide a comfortable work environment to our staff.

Compliance

During the reporting period, the Group did not have violations relating to labor practices.

OPERATING PRACTICES

Supply Chain Management

We believe that building a sustainable supply chain can create value for our employees, suppliers and service providers as well as our communities and clients. It is important to maintain close interaction and communication with our suppliers and service providers. In order to establish an efficient and green supply chain system, we select suppliers and service providers who have good credit history, reputable, high quality product or service, proven track records of environmental compliance and sound commitment to social responsibility. We conduct regular performance reviews of our suppliers and service providers with an aim to effectively control our product and service quality.

Environmental, Social and Governance Report

We have appointed a consultancy firm to coordinate for us the property redevelopment project at Fei Ngo Shan. We outsourced the project to a contractor following the strict tendering requirement in selecting and evaluating contractors. The process includes background review, and have to meet the requirements like qualifications, law compliance, technical standards, respect agreements, reputation and so on. The tendering process must be fully transparent, but focus on keeping the tender confidential so as to prevent impacting its fairness and impartiality.

Services Responsibility

We understand that client satisfaction is vital to our continuous business growth. As such, we are dedicated to providing high quality professional services with the greatest integrity to our clients; pursue excellence; putting effort to exceed our clients' expectations. In achieving this aim, we have the following requirements in our operations:–

(1) Licenses and Registrations

We have a team of financial specialists who hold the necessary licenses required by laws and regulations and are dedicated to providing quality professional investment services over a wide range of financial products. To avoid any doubt regarding their fitness and appropriateness, they are mandated to undertake sufficient hours of continuous professional training each year for regulated activities. We also hold a mortgage financing license, providing relevant services to clients in compliance with laws and regulations.

(2) Know your Client

In order to provide the best services to our clients and to build up trust, we conduct "know your client" background review prior to account opening for new clients. We must understand their identity, investment objectives and experience, risk tolerance level, financial status, occupation, age, etc. and obtain relevant documents as proof and for keeping record. We review and update the client profiles periodically.

(3) Customer Data Protection and Privacy Policies

We handle the client personal data carefully with integrity and carefully and in accordance with the applicable laws. All client personal data are kept confidential and securely. We have to inform clients about the purpose of collecting their personal data and to whom their data will be transferred to (if the recipient is within the Company). All client personal data collected can only be used for the sole purpose as agreed in advance. We have to obtain the client's consent prior to disclosing such information to other parties whenever necessary. During the reporting period, there were no complaints received concerning breaches of customer privacy and loss of data.

Environmental, Social and Governance Report

(4) Customer Complaints

We established our policies and procedures in handling client complaints with reference to our code of conduct. Our managing director/top management are informed immediately once client complaints are received and the details and relevant documents must be properly kept. Staff must explain to the clients that they can follow up and check the status of their complaints with the Inspection Department. All client complaints have to be investigated immediately and handled properly following the management's instructions; Inspection Department might assist in the investigation as instructed. All staff involved in the complaints should not participate in the investigation. In case the complaints cannot be remediated promptly, we have to inform our clients and suggest alternatives as allowed under our monitoring system.

(5) Integrity

To ensure that our business can have sustainable growth, we demand all of our staff conduct our businesses with integrity and in compliance with laws and regulations, and uphold our core values. All staff members of the Group, including directors, management and members of all levels are required to adhere to our internal Code of Conducts (the "**Conducts Code**"). In case of conflict between the Conducts Code and the laws and regulations from the regulators, the stricter of the two must be followed to an extent that the local laws and regulations are not violated.

Compliance

During the reporting period, there were no reported violations or litigations regarding our products and services.

Anti-corruption

The Group follows our business ethical culture including law-compliance, integrity, honesty and dedication to set up our "Staff Manual" and established our standards and reporting channels related to anti-corruption (prevention of bribery, extortion, fraud and money laundering, etc.). We bring the discipline inspection and supervision work in the operation process, ensure there are channels for reporting in strict confidentiality of cases of obtaining personal interests in carrying out one's job duties, briberies, extortion, fraud, money laundering in breach of policies, regulations, and laws. We strive to keep on improving our whistle-blowing system and we are determined to combat corruption and contribute to building a clean society.

To comply with the laws and regulations, and to protect the interests of stakeholders, staff are required to strictly comply with policies and procedures relevant to each particular transaction including the verification of clients' identities, assessment of clients' honesty, integrity, commercial ability and creditworthiness; and to keep documents and records properly. In avoiding dealing with potential money launderers, terrorist financiers or handling funds derived from any criminal activity, we refuse the operation of any accounts for anonymous clients or in obviously fictitious names. Staff are required to bring any suspicious transactions to the urgent attention of the compliance manager for review. The compliance manager shall conduct a thorough investigation and determine whether suspicion remains. We have been providing appropriate training to staff in the dealing department so that they understand the money laundering and counter-terrorism techniques; and reminding them of their responsibilities. We send periodic circulars to all staff to alert them of any new money laundering techniques being used.

Environmental, Social and Governance Report

Compliance

During the reporting period, the Group and our employees were not involved in any litigation cases of corruptions.

COMMUNITY INVESTMENT

As a good corporate citizen, the Group keeps on contributing to the community to show our care by supporting charitable organizations. During the reporting period, to help people in need, we donated money to the Orbis World Sight Day 2017 as well as Love Teeth Day 2017/2018 and Skip Lunch Day 2018, both of which were organized by the Community Chest.

We wish to set a good example, promote environmental protection, and build a green world through community investment. Since 2015, we have participated in the "Red Packets Recycle and Reuse Campaign" held by Greeners Action for 4 consecutive years. This organization categorizes and repacks the red packets collected and distributes them to the public and non-profit organizations for recycle and reuse. Furthermore, during the reporting period, we supported the "Run for Survival" event organized by Ocean Park Conservation Foundation Hong Kong as they raised the environmental protection consciousness of the public and aroused the public's attention regarding the increasingly serious ocean environmental pollution problem. Since 2011, we have participated in the "Earth Hour" event organized by the World Wildlife Fund for 8 consecutive years. During the Earth Hour event, participants turned off the unnecessary lightings at home for an hour at the specified time. Such activity reminds the public to change their lifestyle, conserve Earth's resources and reduce its burden; and to work together to build a sustainable future for humans and nature.

We paid tax in accordance with applicable law since incorporation, and put in our efforts to ease local employment pressure. We have our staff participate in the Mandatory Provident Fund scheme, helping them to prepare and plan for their retirement. We run our businesses following good practices, actively promoting green energy-saving and environmental friendly concepts, and achieve a good development order; and to some certain extent, we have contributed to social stability and building a harmonious community.

VISION OUTLOOK

As a good corporate citizen, the Group hopes to balance between achieving the corporate economic goals and business objectives, and to fulfill its social responsibility. The Group will continue to pay attention to environmental protection, employee care, service quality and community contribution so as to create a niche for sustainable development.

As for environmental protection, the Group will endeavor to comply with the stringent environmental protection laws and regulations, and actively promote and participate in various environmental protection activities. When it comes to employee care, the Group will put employee satisfaction and work safety as its top priority. Through ensuring occupational safety and a competitive system, the Group aims to attract more talents in the technical and management arenas. As far as service quality is concerned, the Group will continue to put resources to provide customers with high quality services. For community contribution, the Group is committed to fulfilling its social responsibility by participating in charitable activities and promoting the community's sustainable development.

Environmental, Social and Governance Report

The Group aims to maintain its position as a respectable enterprise, and hopes to improve business performance and create more meaningful value for its stakeholders through implementing sustainability strategies.

ENVIRONMENTAL PERFORMANCE DATA SUMMARY

	Unit	2017/18
Natural resources consumption:		
(Note)		
Gasoline	Tonnes	3.14
Electricity	Megawatt hours	100.63
Greenhouse gas emissions:		
Scope 1	Tonnes	10.74
Scope 2	Tonnes	114.45
Air emissions:		
Nitrogen oxides	Tonnes	0.91
Sulfur oxides	Tonnes	0.07
Particulate matters	Tonnes	0.10

Note: During the reporting period, water consumption of the financial services, mortgage financing and securities trading businesses came from offices and was supplied by the landlords. As the landlords did not provide the water consumption data to us, we are not able to disclose the data in this report.

As the development project of the property development business was outsourced to a contractor, we do not have the water consumption data for disclosure in this report.

Report of the Directors

The Directors present their report and audited financial statements of the Company and the Group for FY2018.

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 securities trading.

RESULTS AND DIVIDENDS

The Group's results for FY2018 and the state of affairs of the Group as at 31 March 2018 are set out in the consolidated financial statements on pages 56 to 136.

The Directors proposed a final dividend at a rate equivalent to HK$0.12 or HK12 cents for every 100 shares, which is subject to the approval by shareholders at the forthcoming annual general meeting of the Company.

An interim dividend at a rate equivalent to HK$0.12 or HK12 cents for every 100 shares was paid by the Company on 5 January 2018.

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" on pages 5 to 16 of this annual report.

The financial risk management objectives and policies of the Group are laid out in note 43 to the consolidated financial statements.

Compliance with laws and regulations

During FY2018, 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 Securities and Futures Ordinance (the "**SFO**") and Money Lenders Ordinance.

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 section headed "Employment and Labor Practices" in the Environmental, Social and Governance Report contained in this annual report.

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

Report of the Directors

Environmental policy and performance

Details of the Group's environmental protection practices are set out in the section headed "Environmental Protection" in the Environmental, Social and Governance Report contained in this annual report.

FURNITURE AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in furniture and equipment and investment properties of the Group are set out in notes 14 and 15 to the consolidated financial statements respectively. Further details of the Group's investment properties are set out on page 138.

SHARE CAPITAL

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum of Association and 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 41 to the consolidated financial statements. Details of movements in the reserve of the Group during the year are set out on page 59.

DISTRIBUTABLE RESERVES

As at 31 March 2018, the Company's reserves available for distribution were HK$238,070,000. Under the laws of Bermuda, the Company's share premium account, in the amount of HK$187,244,000, 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 137. This summary does not form part of the audited consolidated financial statements.

Report of the Directors

DIRECTORS

The Directors of the Company in FY2018 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
Mr. Lee Kwok Yin Denthur

In accordance with the Company's Bye-Laws 182(vi), Mr. Zhao Qingji, Mr. Cheung Hoo Win, Ms. Mak Kit Ping and Ms. Zhang Yuyan shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting ("**AGM**").

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming AGM 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 2018, the interests and short positions of the Directors or the Chief Executive of the Company in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of the Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

Name	Type of interests	Number of shares	Percentage
Ng Yiu Chuen	Beneficial owner	200,000	0.00%

Report of the Directors

All of the interests stated above are long positions. As at 31 March 2018, no short positions were recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept under Section 352 of the SFO.

Save as disclosed above, as at 31 March 2018, none of the Directors or the Chief Executive of the Company had any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTERESTS IN 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 FY2018.

SUBSTANTIAL SHAREHOLDERS

The Register of Substantial Shareholders maintained under Section 336 of the SFO shows that, as at 31 March 2018, the Company had been notified of the following interests in the Company:

Name	Number of Shares	Percentage
Mr. Cheung *(Note1)*	975,640,365	19.73%
Ms. Yeung *(Note 2)*	975,640,365	19.73%
Mr. Cheung Hoo Yin *(Note 3)*	269,558,209	5.45%

Notes:

1. Mr. Cheung Chi Shing ("**Mr. Cheung**") personally held 684,241,395 shares of the Company. As Mr. Cheung is the sole shareholder of K.Y. Limited ("**KY**"), he was deemed to have interests in 164,318,870 shares of the Company held by KY. Mr. Cheung is the spouse of Ms. Yeung Han Yi Yvonne ("**Ms. Yeung**") and accordingly deemed to be interested in the 127,080,100 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 848,560,265 shares of the Company beneficially interested by Mr. Cheung.

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

Report of the Directors

BONUS ISSUE OF WARRANTS

Bonus Issue of Warrants – 2016

It was announced on 13 December 2016, the Board proposed an issue of bonus warrants to the shareholders of the Company on the basis of 1 warrant for every 5 shares (the "**Bonus Issue of Warrants – 2016**"). For details of the Bonus Issue of Warrants - 2016, please refer to the announcement of the Company dated 13 December 2016 (the "**Announcement**"). On 17 January 2017, the shareholders approved the Bonus Issue of Warrants - 2016, pursuant to which 952,202,016 warrants were issued. The initial subscription price was HK$0.10 and the subscription period was from 14 February 2017 to 13 February 2018 (both days inclusive). Full exercise of the subscription rights attaching to the 952,202,016 warrants would result in the issue of 952,202,016 new shares. Details of the exercise of Bonus Issue of Warrants - 2016 are set out as follows:

	Number of warrants	Amount HK$'000
Number of warrants issued	952,202,016	95,220
Warrants exercised during FY2017	(23,774,504)	(2,377)
At 1 April 2017	928,427,512	92,843
Warrants exercised during FY2018	(161,347,494)	(16,135)
Balance of warrants lapsed	767,080,018	76,708

As disclosed in the Announcement, the Group would apply any subscription monies received as and when the subscription rights were exercised (the "**Subscription Monies**") towards the general working capital of the Group. As at 31 March 2018, the Subscription Monies were used as general working capital of the Group. The subscription rights attaching to the Bonus Issue of Warrants - 2016 expired on 13 February 2018.

Bonus Issue of Warrants – 2018

In the interest of the shareholders, on 28 June 2018, the Directors proposed, subject to the shareholders' approval, a new issue of bonus warrants to the shareholders on the basis of one warrant for every ten shares (the "**Bonus Issue of Warrants – 2018**") and each warrant holder will be entitled to exercise the subscription rights on the basis of two new shares for one warrant. Details of the Bonus Issue of Warrants – 2018 will be announced in due course.

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.

Report of the Directors

Pursuant to an ordinary resolution passed at the AGM of the Company held on the Adoption Date, the total number of shares (the "**Scheme Limit**") which may be issued upon the exercise of all of 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. At the annual general meeting held on 15 September 2017, shareholders of the Company approved to refresh the Scheme Limit. As a result, the new Scheme Limit has been increased to 482,125,176 shares.

Further details of the Scheme are set out in the note 34 to the consolidated financial statement.

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 FY2018.

MAJOR CUSTOMERS

In FY2018, sales to the Group's single largest and five largest customers combined accounted for approximately 11% and approximately 25% respectively, of the Group's total revenue. In FY2018, the Group's principal activities were the provision of financial services and mortgage financing. In the Directors' opinion, the Group has no major suppliers in light of the nature of the Group's business.

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 34 to 42.

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.

QUALIFIED AUDIT OPINION

During the course of the audit for the year ended 31 March 2018, the auditor was unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the amount of fair value of the Group's investment in an unlisted equity fund (the "**Equity Fund**") as at 31 March 2018. The Equity Fund's portfolio of investment mainly comprised of listed and unlisted equity securities. In addition, the auditor was unable to determine whether the carrying amount of the Equity Fund of HK$5,000,000 as at 1 April 2017 should be stated at fair value or cost less impairment loss and its relevant amount of fair value or recoverable amount. As at 31 March 2018, The Equity Fund was classified as available-for-sale financial

Report of the Directors

assets and carried at fair value of HK$72,499,000. The fair value change of the Equity Fund during the year ended 31 March 2018 of HK$35,294,000 has been recognized in other comprehensive income. There was no actual cash impact on the Group's cashflow position.

The Board is of the view, and the audit committee of the Company has reviewed and agreed with the Board's view that the fair value of the Equity Fund of HK$72,499,000 as at 31 March 2018 of which its fair value were determined by the directors with reference to the investment portfolios held by the Equity Fund, including the valuation reports performed by an independent valuer on the unlisted securities held by the Equity Fund as at 31 December 2017 were fairly stated. The Equity Fund has fixed the valuation date of the valuation reports on 31 December 2017 so as to match with its financial year end date, e.g. 31 December 2017 of the Equity Fund. The directors of the Company are of the opinion that there were no material change in the fair value of the unlisted equity securities held by Equity Fund within such short period of time from 31 December 2017 to 31 March 2018, and regarded the fair value reliable.

Given that the fair value information of the Equity Fund as at 1 April 2017 was not available to the Group, the directors believed that the basis to record the carrying amount of the Equity Fund at its cost was appropriate.

The Company will closely communicate with the auditor and will use its best efforts to address their concerns and requirements. As advised by the Equity Fund, the Equity Fund is considering performing valuations with the valuation date of 31 March 2018 on the Equity Fund itself and its unlisted equity securities. To the best knowledge of the Company, if the Company is able to satisfy auditor's concerns and requirements regarding the forthcoming valuation, no audit qualification on the opening balances and the carrying amount of the Equity Fund in the financial statements of the Company for the year ending 31 March 2019 will be issued.

EVENTS AFTER THE REPORTING PERIOD

No significant events affecting the Group have occurred since the end of the year ended 31 March 2018.

AUDITOR

Grant Thornton Hong Kong Limited was first appointed as the auditor of the Company for the financial year ended 31 March 2018 upon the resignation of UHY Vocation HK CPA Limited, who acted as the auditor of the Company for the financial year ended 31 March 2017.

Grant Thornton Hong Kong Limited will retire at the forthcoming AGM. A resolution will be proposed to appoint auditor and to authorize the Board to fix their remuneration.

On behalf of the Board
Mak Kit Ping
Executive Director

Hong Kong, 28 June 2018

Corporate Governance Report

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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (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 FY2018, 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 five independent non-executive Directors (the "**INEDs**"), namely Mr. Zhao Qingji (Chairman), Mr. Yeung Shun Kee, Mr. Li Hancheng, Mr. Lo Tsz Fung Philip and Mr. Lee Kwok Yin Denthur. The Directors believe that the composition of the Board has a balance of skills and experience that is appropriate for the requirements of the businesses of the Group.

As half of the Board members 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 Listing Rules.

During FY2018, seven Board meetings (including four regular Board meetings to which 14 days' notice was given to all Directors) and one general meeting of the Company were held. Details of the Directors' attendance records during FY2018 are as follows:

	Number of board meetings attended	Number of general meeting attended
Executive Directors:		
Mr. Cheung Hoo Win (Chief Executive Officer)	7/7	1/1
Mr. Ng Yiu Chuen	6/7	0/1
Ms. Mak Kit Ping	7/7	1/1
Ms. Zhang Yuyan	7/7	0/1
Ms. Chen Lili	5/7	0/1
Independent Non-Executive Directors		
Mr. Zhao Qingji (Chairman)	6/7	0/1
Mr. Yeung Shun Kee	7/7	0/1
Mr. Li Hancheng	7/7	1/1
Mr. Lo Tsz Fung Philip	7/7	1/1
Mr. Lee Kwok Yin Denthur	7/7	1/1

Corporate Governance Report

According to the code provision A.6.7 of the CG Code, INEDs should attend the 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 FY2018, two INEDs, one of whom is the Chairman of the Board, were unable to attend the annual general meeting of the Company held during FY2018.

FUNCTIONS OF THE 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 of the Directors have participated in continuous professional development activities that are relevant to their performance of duties as Directors. According to the training records provided by the Directors, Ms. Mak Kit Ping, Ms. Zhang Yuyan, Ms. Chen Lili, Mr. Yeung Shun Kee and Mr. Lo Tsz Fung Philip have also attended training courses, seminars or conferences to develop and refresh their knowledge and skills. In FY2018, certain materials on legislative and regulatory updates were circulated to the Directors for them to update themselves on changes of regulations. In addition, the Group has in place a continued learning sponsorship scheme to sponsor the members of the Group including the Directors for their 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 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 FY2018 and up to the date of this report, the Board has performed the corporate governance duties in accordance with its terms of reference.

Corporate Governance Report

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy which sets out its approach to achieving diversity on the Board. The Company recognizes 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 FY2018. The attendance of each member of the Audit Committee is set out as follows:

Members of the 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
Mr. Lee Kwok Yin Denthur	3/3

Corporate Governance Report

The Audit Committee had performed the following work in FY2018:

(i) considered the change of auditors and reviewed and approved the audit scope and fees proposed by the external auditor for the annual audit for FY2018;

(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 2017;

(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 2017;

(vi) reviewed the effectiveness of the internal control system and the risk management of the Group; and

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

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.

Two Remuneration Committee meetings were held in FY2018. The attendance of each member of the Remuneration Committee is set out as follows:

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

Corporate Governance Report

The Remuneration Committee had performed the following work in FY2018:

(i) reviewed and approved the renewal of service agreements with INEDs and the adjustment to the salary of executive Directors; and

(ii) reviewed and determined the payment of bonus to certain 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 FY2018 is 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 professional qualifications and work experience of the candidates as well as the diversity policy adopted by the Board. 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 FY2018. The attendance of each member of the Nomination Committee is set out as follows:

Members of the 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
Mr. Lee Kwok Yin Denthur	1/1

Corporate Governance Report

The Nomination Committee had performed the following work in FY2018:

(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 2017 AGM;

(iii) assessed the independence of the INEDs; and

(iv) reviewed the Board diversity policy.

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 FY2018.

AUDITORS' REMUNERATION

For FY2018, the remuneration paid or payable in respect of statutory audit, interim results review and internal control review by the external auditors of the Company were approximately HK$800,000, HK$180,000 and HK$95,000 respectively.

SHAREHOLDERS' RIGHTS

Convening a Special General Meeting of the Company by Shareholders

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

Corporate Governance Report

Procedures for Sending Enquiries to the Board

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

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

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. There were no significant changes in the Company's constitutional documents for FY2018.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility for the preparation of the financial statements for each financial period, which shall give a true and fair view of the state of affairs of the Company. During FY2018, 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 FY2018.

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 49 to 55 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.

Risk Management and Internal Control

The Board also acknowledges its responsibility for overseeing the Group's risk management and internal controls on an ongoing basis and reviewing their effectiveness at least annually. The management continues to allocate resources for the risk management and internal control systems to provide reasonable, though not absolute, assurance against misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives.

Risks associated to the business activities of the Group are identified and evaluated by each operating unit. The identified risks together with their control measures will be reported to the Audit Committee and the Board for approval. The Audit Committee and the Board would regularly review the risk factors and their control measures to respond to the changes in its businesses and the external environments.

The Board, through the Audit Committee, has delegated the internal audit function to an independent external assurance provider, who has conducted a review on the adequacy and effectiveness of the Group's risk management and internal control systems for FY2018.

A risk-based approach is adopted for the internal audit of the Group. The annual work plan covers the major activities and process of the Group's operation, business and service segments and corporate governance. The results of these audit activities were communicated to the Audit Committee and will be followed up for proper implementation.

Corporate Governance Report

Based on the report from the outsourced internal auditor, the Board considers the Group's internal control and risk management systems adequate and effective.

The Audit Committee has discussed with the management about the adequacy of the resources, staff qualifications and experience, training programmes on the Group's accounting, financial reporting and internal control functions.

Handling and Dissemination of Inside Information

The Group had, from time to time, reminded the management of the requirements of the Listing Rules and guidelines on the inside information issued by the Stock Exchange and the SFC. The blackout notice period and Model Code are sent to the Directors regularly to arouse their awareness to preserve the confidentiality of inside information. Inside information (if any) is only disseminated to specified persons on a need-to-know basis.

On behalf of the Board
Cheung Hoo Win
Chief Executive Officer

Hong Kong 28 June 2018

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

Grant Thornton Hong Kong 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
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 38, 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 business development 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 59, 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 38 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 the subsidiaries of the Company.

MS. MAK KIT PING

Executive Director

Ms. Mak, aged 52, 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), Type 4 activity (advising on securities), Type 6 activity (advising on corporate finance) and Type 9 activity (asset management), and is one of the responsible officers of Ever-Long Securities Company Limited, a wholly owned subsidiary of the Company. Ms. Mak has more than 25 years of experience in the securities business and is mainly responsible for the Group's brokerage business. Ms. Mak is also one of the directors of the subsidiaries of the Company.

Board of Directors

MS. ZHANG YUYAN

Executive Director

Ms. Zhang, aged 56, 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 36, 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 45, 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 (stock code: 736), 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 59, 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 55, 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. Mr. Li is an independent non-executive director of China Minsheng Banking Corp., Ltd., a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1988) and Shanghai Stock Exchange (stock code: 600016). He is also an outside director of Beijing Electronics Holding Company Limited.

MR. LO TSZ FUNG PHILIP

Independent Non-Executive Director

Mr. Lo, aged 51, 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 OTCQX 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. Mr. Lo was an independent non-executive director of QKL Stores, Inc., a company listed on NASDAQ (QKLS) in the United States for the period from November 2011 to May 2016. Mr. Lo was a director and chief financial officer of ZZLL Information Technology Inc., a company listed on OTCQB in the United States, for the period from March 2017 to February 2018.

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.

MR. LEE KWOK YIN DENTHUR

Independent Non-Executive Director

Mr. Lee, aged 51, was appointed independent non-executive Director of the Company in November 2016. He has extensive experience in the distribution and portfolio management of financial and insurance products in Hong Kong and Greater China. Mr. Lee also has the proven track record of accomplishments in sales management, strategic planning, business development and relationship management.

Mr. Lee was the co-founder, a director and the chief operation officer of a subsidiary of Convoy Financial Services Holdings Limited. ("**CFSH**"). CFSH (stock code: 1019) is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Senior Management

MR. NG SHUN FU

Managing Director of Subsidiary

Mr. Ng, aged 70, joined the Group in 1996 as a managing director of Ever-Long Securities Company Limited, a wholly owned subsidiary of the Company that engages in its core business of securities brokerage. 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 56, 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 28 years of experience in the securities business.

MR. MAK CHI HO

Associate Director

Mr. Mak, aged 46, 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 16 years of experience in securities analysis and corporate finance.

MS. HUNG LAI KAM DIANA

Director of a Subsidiary

Ms. Hung, aged 37, 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 46, 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

Grant Thornton
致同

TO THE MEMBERS OF
STYLAND HOLDINGS LIMITED
大凌集團有限公司
(incorporated in Bermuda with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Styland Holdings Limited ("**Company**") and its subsidiaries (together, the "**Group**") set out on pages 56 to 136, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As at 31 March 2018, the Group's investment in an unlisted equity fund (the "**Equity Fund**") was classified as available-for-sale financial assets and carried at fair value of HK$72,499,000. The Equity Fund's portfolio of investments mainly comprised of listed and unlisted equity securities. The fair value change of the Equity Fund during the year ended 31 March 2018 of HK$35,294,000 has been recognized in other comprehensive income.

The Equity Fund does not have a quoted market price in an active market. The fair value of the Equity Fund as at 31 March 2018 was determined by the directors with reference to the portfolio of investments held by the Equity Fund, including the valuation reports of the unlisted equity securities held by Equity Fund performed by an independent valuer as at 31 December 2017. The directors are of the opinion that there are no material changes to the fair value of the unlisted equity securities held by the Equity Fund from 31 December 2017 to 31 March 2018.

Independent Auditor's Report

BASIS FOR QUALIFIED OPINION *(Continued)*

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the amount of fair value of the Equity Fund of HK$72,499,000 as at 31 March 2018 as we are unable to assess the appropriateness of methodologies, inputs, as well as the assumptions adopted by the independent valuer for the purposes of their valuation as at 31 December 2017. In addition, we are unable to ascertain whether there are any changes to the fair value of the respective unlisted equity securities held by the Equity Fund since 31 December 2017. There are no other satisfactory audit procedures that we could adopt to determine the fair value of the Equity Fund as at 31 March 2018. In addition, as we were not the auditor of the Company for the year ended 31 March 2017, we were unable to determine whether the carrying amount of the Equity Fund of HK$5,000,000 as at 1 April 2017 should be stated at fair value or cost less impairment loss and its relevant amount of fair value or recoverable amount. Any adjustments to this figure might have a consequential effect on the total comprehensive income for the year ended 31 March 2018 and the consolidated financial position as at 31 March 2018.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we are unable to obtain sufficient appropriate evidence about the fair value of the Equity Fund of HK$72,499,000 as at 31 March 2018 and the fair value change of the Equity Fund during the year ended 31 March 2018 of HK$35,294,000. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

The Key Audit Matters	How the matter was addressed in our audit
Impairment assessment on loan receivables	
Refer to note 18 to the consolidated financial statements and the critical judgment in applying the Group's accounting policies in note 4.2	
As at 31 March 2018, the carrying amount of the Group's loan receivables net of impairment allowance of approximately HK$40,145,000 were approximately HK$248,452,000. The loan receivables are assessed for impairment individually. In determining the impairment on loan receivables, management considers financial background, value of the collateral and creditability of individual borrowers. We identified the impairment assessment on loan receivables as a key audit matter due to estimation uncertainty inherent in the management's credit risk assessment process in respect of the collectability of loan receivables and the extent of judgment involved.	Our procedures in relation to impairment assessment on loan receivables included: – Inquiring the management the established policies and procedures on credit risk management of the Group and assessing and evaluating the process with respect to identification of loan receivables from borrowers with indicators of impairment and the measurement of the impairment allowance; – Evaluating the management's assessment on the credit quality of the borrowers by examining, on a sample basis records including financial background, current creditworthiness, collateral and past collection history of the borrowers; – Checking the existence and recoverable amount of the underlying collateral, if applicable; and – Checking subsequent settlement on loan receivables for the recoverability.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

The Key Audit Matters	How the matter was addressed in our audit

Impairment assessment on accounts receivable

Refer to note 19 to the consolidated financial statements and the critical judgment in applying the Group's accounting policies in note 4.2

The Key Audit Matters	How the matter was addressed in our audit
As at 31 March 2018, the carrying amount of the Group's accounts receivable net of impairment allowance of approximately HK$5,226,000 were approximately HK$58,770,000. The accounts receivable are assessed for impairment individually. In determining the impairment on accounts receivable, management considers financial background, value of the collateral and creditability of individual clients. We identified the impairment assessment on accounts receivable as a key audit matter due to estimation uncertainty inherent in the management's credit risk assessment process in respect of the collectability of accounts receivable and the extent of judgement involved.	Our procedures in relation to impairment assessment on accounts receivable included: – Inquiring the management the established policies and procedures on credit risk management of the Group and assessing and evaluating the process with respect to identification of accounts receivable from clients with indicators of impairment and the measurement of the impairment allowance; – Evaluating the management's assessment on the credit quality of the clients by examining, on a sample basis records including financial background, current creditworthiness, collateral and past collection history of the clients; – Checking the existence and recoverable amount of the underlying collateral, if applicable; and – Checking subsequent settlement on accounts receivable for the recoverability.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

The Key Audit Matters	How the matter was addressed in our audit
Valuation of investment properties	
Refer to note 15 to the consolidated financial statements and the sources of estimation uncertainty in note 4.1	
The Group's investment properties are located in Hong Kong. As at 31 March 2018, the Group's investment properties amounted to approximately HK$268,446,000, represented approximately 25% of the Group's total assets. As at 31 March 2018, all of the Group's investment properties are stated at fair value based on valuations performed by independent firms of qualified professional property valuers (the "**Valuers**"). We identified the valuation of investment properties as a key audit matter due to the significant judgments and assumptions made by management in determining the fair value.	Our procedures in relation to the valuation of investment properties included: – Evaluating the competency, capabilities and objectively of the Valuers taking into account of their experience and qualification; – Assessing the methodologies used and the appropriateness of the key assumptions used by the Valuers and management in arriving at the fair value of investment properties; and – Assessing the reasonableness of key inputs used by the Valuers and management by comparing with relevant market information with similar properties.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981 and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

28 June 2018

Lam Yau Hing
Practising Certificate No.: P06622

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March

	Note	2018 HK$'000	2017 HK$'000
Turnover	6	**248,614**	236,638
Revenue	6	**85,936**	74,788
Costs of brokerage services and goods sold		**(10,610)**	(2,391)
Other income	6	**16,206**	10,021
Administrative expenses		**(92,386)**	(83,277)
Selling and distribution expenses		**(5,971)**	(4,791)
Change in fair value of investment properties	15	**–**	53,998
Change in fair value of financial assets at fair value through profit or loss		**(21,456)**	(33,707)
Gain on disposal of financial assets at fair value through profit or loss		**2,066**	682
Impairment loss recognized in respect of loan receivables	18	**(2,914)**	(5,368)
Impairment loss recognized in respect of accounts receivable	19	**(2,337)**	(2,531)
Reversal of impairment loss recognized in respect of loan receivables	18	**1,135**	2,445
Gain on disposal of subsidiaries	28	**27,101**	–
Finance costs	8	**(14,118)**	(8,785)
(Loss)/Profit before taxation	7	**(17,348)**	1,084
Income tax expense	9	**–**	–
(Loss)/Profit for the year		**(17,348)**	1,084
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Fair value gain on available-for-sale financial assets		**35,294**	–
Total comprehensive income for the year		**17,946**	1,084
(Loss)/Profit for the year attributable to			
– Owners of the Company		**(25,552)**	5,698
– Non-controlling interests		**8,204**	(4,614)
		(17,348)	1,084
Total comprehensive income/(expense) for the year attributable to			
– Owners of the Company		**8,182**	5,698
– Non-controlling interests		**9,764**	(4,614)
		17,946	1,084
(Loss)/Earnings per share			
– Basic	13	**(HK0.53 cents)**	HK0.13 cents
– Diluted	13	**(HK0.53 cents)**	HK0.12 cents

The notes on pages 62 to 136 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March

	Note	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Furniture and equipment	14	2,975	3,094
Investment properties	15	268,446	246,000
Intangible asset	16	3,386	3,386
Loan receivables	18	55,039	75,792
		329,846	328,272
Current assets			
Loan receivables	18	193,413	171,422
Accounts receivable	19	58,770	35,862
Promissory note receivables	20	76,697	31,087
Other receivables, deposits and prepayments	21	21,157	21,268
Available-for-sale financial assets	17	73,279	5,000
Financial assets at fair value through profit or loss	22	79,963	76,688
Derivative financial instruments	23	5,306	503
Tax recoverable		–	615
Client trust funds	24	109,056	84,759
Pledged bank deposits	25	6,310	6,273
Cash and cash equivalents	26	119,630	176,260
		743,581	609,737
Assets of disposal group classified as held-for-sale	27	–	110,964
		743,581	720,701
Total assets		1,073,427	1,048,973
Current liabilities			
Accounts payable	29	144,367	99,628
Other payables and accruals		8,549	12,611
Promissory note payables	30	140,810	154,293
Borrowings	31	145,242	116,747
Derivative financial instruments	23	5,306	–
		444,274	383,279
Liabilities of disposal group classified as held-for-sale	27	–	66,811
		444,274	450,090

Consolidated Statement of Financial Position

As at 31 March

	Note	2018 HK$'000	2017 HK$'000
Net current assets		299,307	270,611
Total assets less current liabilities		629,153	598,883
Non-current liabilities			
Bond payables	32	2,000	–
Net assets		627,153	598,883
EQUITY			
Share capital	33	49,461	47,848
Reserves		579,102	562,209
Equity attributable to the owners of the Company		628,563	610,057
Non-controlling interests		(1,410)	(11,174)
Total equity		627,153	598,883

Ng Yiu Chuen
Executive Director

Mak Kit Ping
Executive Director

The notes on page 62 to 136 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March

	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$'000	Reserve for available-for-sale financial assets* HK$'000	Accumulated losses* HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2016	43,530	133,237	7,480	571,147	540,905	–	(730,991)	565,308	(6,560)	558,748
Profit and total comprehensive income for the year	–	–	–	–	–	–	5,698	5,698	(4,614)	1,084
Transactions with owners:										
Share issued in respect of scrip dividends (note 33)	75	1,304	–	–	–	–	–	1,379	–	1,379
Dividend recognized as distribution (note 12)	–	–	–	–	(4,753)	–	–	(4,753)	–	(4,753)
Exercise of bonus warrants (note 33)	4,243	38,182	–	–	–	–	–	42,425	–	42,425
Total transactions with owners	4,318	39,486	–	–	(4,753)	–	–	39,051	–	39,051
At 31 March 2017 and 1 April 2017	47,848	172,723	7,480	571,147	536,152	–	(725,293)	610,057	(11,174)	598,883
Loss for the year	–	–	–	–	–	–	(25,552)	(25,552)	8,204	(17,348)
Other comprehensive income	–	–	–	–	–	33,734	–	33,734	1,560	35,294
Transactions with owners:										
Dividend recognized as distribution (note 12)	–	–	–	–	(5,811)	–	–	(5,811)	–	(5,811)
Exercise of bonus warrants (note 33)	1,613	14,522	–	–	–	–	–	16,135	–	16,135
Total transactions with owners	1,613	14,522	–	–	(5,811)	–	–	10,324	–	10,324
At 31 March 2018	49,461	187,245	7,480	571,147	530,341	33,734	(750,845)	628,563	(1,410)	627,153

* The reserves accounts comprise the Group's reserve of HK$579,102,000 (2017: HK$562,209,000) in the consolidated statement of financial position.

The notes on pages 62 to 136 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March

	2018 HK$'000	2017 HK$'000
Cash flows from operating activities		
(Loss)/Profit before taxation	(17,348)	1,084
Adjustments for:		
Change in fair value of financial assets at fair value through profit or loss	21,456	33,707
Change in fair value of investment properties	–	(53,998)
Depreciation	1,423	1,783
Finance costs	14,118	8,785
Impairment loss recognized in respect of accounts receivable	2,337	2,531
Impairment loss recognized in respect of loan receivables	2,914	5,368
Impairment loss recognized in respect of other receivables	17	691
Impairment loss recognized in respect of promissory note receivables	1,269	388
Bank interest income	(77)	(89)
Gain on disposal of subsidiaries	(27,101)	–
(Gain)/Loss on disposal of furniture and equipment	(40)	109
Loss on exchange difference, net	–	48
Bad debts written-off	32	–
Reversal of impairment loss recognized in respect of accounts receivable	(122)	(831)
Reversal of impairment loss recognized in respect of loan receivables	(1,135)	(2,445)
Reversal of impairment loss recognized in respect of other receivables	–	(129)
Operating loss before working capital changes	(2,257)	(2,998)
Decrease in inventories	–	35
Increase in accounts receivable	(25,123)	(11,480)
Increase in loan receivables	(31,707)	(52,177)
Increase in other receivables, deposits, and prepayments	(3,489)	(14,023)
Decrease in derivative financial instruments	503	1,199
Increase in financial assets at fair value through profit or loss	(17,231)	(35,642)
Increase in client trust funds	(24,297)	(34,691)
Increase in accounts payable	44,739	37,692
(Decrease)/Increase in other payables and accruals	(1,330)	5,843
Increase in promissory note receivables	(17,379)	(27,666)
Cash used in operations	(77,571)	(133,908)
Hong Kong profits tax refund	615	–
Net cash used in operating activities	(76,956)	(133,908)

Consolidated Statement of Cash Flows

For the year ended 31 March

	2018 HK$'000	2017 HK$'000
Cash flows from investing activities		
Interest received	77	89
Proceeds from disposal of furniture and equipment	43	56
Payment to acquire furniture and equipment	(1,346)	(885)
Payment to acquire available-for-sale financial assets	(7,280)	(5,000)
Proceeds from disposal of subsidiaries (note 28)	37,590	–
Deposits paid for the redevelopment project	(22,446)	(16,669)
Net cash from/(used in) investing activities	6,638	(22,409)
Cash flows from financing activities		
Proceeds from bank and others borrowings	40,799	67,334
Repayments of bank borrowings	(12,304)	(2,535)
Interest paid	(13,611)	(8,785)
Proceeds from issuance of corporate bonds	2,000	–
Proceeds from issuance of promissory note payables	88,652	153,389
Repayment of promissory note payables	(102,135)	(49,346)
Increase in pledged bank deposits	(37)	(24)
Dividends paid	(5,811)	(3,374)
Proceeds from issuance of share capital	16,135	42,425
Net cash from financing activities	13,688	199,084
Net (decrease)/increase in cash and cash equivalents	(56,630)	42,767
Cash and cash equivalents at beginning of year	176,260	135,833
Cash and cash equivalents of disposal group classified as held for sales	–	(2,340)
Cash and cash equivalents at end of year	119,630	176,260

The notes on pages 62 to 136 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March

1. GENERAL INFORMATION

Styland Holdings Limited (the "**Company**") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda and its shares are listed on 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. All 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 are provision of management and financing, strategic investment, property investment, securities trading and securities brokerage.

The consolidated financial statements for the year ended 31 March 2018 have been approved for issue by the board of directors (the "**Board**") on 28 June 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis except for the following items which are stated at fair value:

– investment properties;

– financial instruments classified as at fair value through profit or loss;

– available-for-sale financial assets that are stated at fair value; and

– derivative financial instruments (other than linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured)

Non-current assets and disposal group held-for-sale are stated the lower of carrying amount and fair value less costs to sell. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (the "**Group**") made up to 31 March each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Basis of consolidation *(Continued)*

Intra-group transactions, balances and unrealized gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss 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 interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, the profit or loss on disposal 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. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained earnings). 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 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Basis of consolidation *(Continued)*

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held-for-sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognized in the Company's profit or loss.

2.3 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognized in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the reporting date. Income and expenses have been converted into the Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognized in other comprehensive income and accumulated separately in the translation reserve in equity.

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Furniture and equipment

Furniture and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

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

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2.5 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

On initial recognition, investment property is measured at cost and subsequently at fair value, unless its fair value cannot be reliably determined at that time.

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Investment properties *(Continued)*

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognized at the reporting date reflect the prevailing market conditions at the reporting date.

Gains or losses arising from either changes in the fair value or the sale of an investment property are included in profit or loss in the period in which they arise.

2.6 Intangible asset

Intangible asset with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses and are tested for impairment as described below in note 2.14.

2.7 Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified into the following categories:

– financial assets at fair value through profit or loss

– loans and receivables

– available-for-sale financial assets

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

Regular way purchases of financial assets are recognized on trade date. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognized based on the classification of the financial asset.

i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss includes financial assets held for trading.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognized in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognized in accordance with the Group's policies in note 2.13 to these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

iii) Available-for-sale financial assets

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognized in other comprehensive income and accumulated separately in the available-for-sale financial assets revaluation reserve in equity, except for impairment losses (see the policy below) and foreign exchange gains and losses on monetary assets, until the financial asset is derecognized, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest method is recognized in profit or loss.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– Significant financial difficulty of the debtor;

– A breach of contract, such as a default or delinquency in interest or principal payments;

– It becoming probable that the debtor will enter bankruptcy or other financial reorganization;

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

– Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;

– The disappearance of an active market for that financial asset because of financial difficulties; and

– A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognized as follows:

i) Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The amount of the loss is recognized in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal is recognized in profit or loss of the period in which the reversal occurs.

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

ii) Available-for-sale financial assets carried at fair value

When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognized in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that asset previously recognized in profit or loss.

Reversals in respect of investment in equity instruments classified as available-for-sale and stated at fair value are not recognized in the profit or loss. The subsequent increase in fair value is recognized in other comprehensive income. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognized. Reversal of impairment losses in such circumstances are recognized in profit or loss.

iii) Financial assets carried at cost

For financial assets carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of the impairment losses is recognized in profit or loss of the period in which the impairment occurs and not reversed in subsequent periods.

Impairment losses on financial assets other than financial assets at fair value through profit or loss, loan receivables and accounts receivable that are stated at amortized cost, are written off against the corresponding assets directly. Where the recovery of loan receivables and accounts receivable is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of loan receivables and accounts receivable is remote, the amount considered irrecoverable is written off against loan receivables and accounts receivable directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

Impairment losses recognized in an interim period in respect of available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of an annual period, or in a subsequent period, the increase is recognized in other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Financial liabilities

The Group's financial liabilities include accounts payable, other payables and accruals, derivative financial instruments, bond payables, promissory note payables and borrowings in the consolidated statement of financial position.

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments. All interest related charges are recognized in accordance with the Group's accounting policy for borrowing costs (see note 2.16).

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognized in profit or loss.

i) *Bond payables, promissory note payables and borrowings*

Bond payables, promissory note payables and borrowings are recognized initially at fair value, net of transaction costs incurred. They are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and their redemption values are recognized in profit or loss over the period of the bond payables, promissory note payables and borrowings using the effective interest method.

Bonds payables, promissory note payables and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

ii) *Accounts payable, other payables and accruals*

Accounts payable, other payables and accruals are recognized initially at their fair value and subsequently measured at amortized cost, using the effective interest method.

Derivatives financial instruments

Derivative financial instruments, in individual contracts or separated from hybrid financial instruments, are initially recognized at fair value on the date the derivative contract is entered into and subsequently remeasured at fair value. Derivatives that are not designated as hedging instruments are accounted for as financial assets or financial liabilities at fair value through profit or loss. Gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in 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 or less of maturity at acquisition. For the purpose of the consolidated statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.9 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases except that property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2.5).

ii) Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the rental income.

iii) Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight- line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets.

Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Provisions and contingent liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.11 Share capital

Ordinary shares are classified as equity. The amount of share capital recognized is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction are deducted from the share premium.

2.12 Non-current assets, or disposal groups held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered principally through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortized or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale.

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable or represents amounts receivable for sales of goods and services provided in the normal course of business and the use of the Group's assets yielding interest, and dividends net of discounts.

Revenue is recognized in the consolidated statement of profit or loss and other comprehensive income on the following basis:

(a) revenue from sales of goods is recognized 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 recognized on the trade date basis;

(c) commission and brokerage income from securities dealing is recognized on the trade date basis when relevant services are provided;

(d) interest income from a financial asset is recognized 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 recognized when the shareholders' rights to receive payment have been established;

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Impairment non-financial assets

The following assets are subject to impairment testing:

– Intangible asset;

– Furniture and equipment; and

– The Company's interests in subsidiaries

Intangible asset with indefinite useful life are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognized as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. License right in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the license right is monitored for internal management purpose and not be larger than an operating segment.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Employee benefits

Retirement benefits scheme

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

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

Short-term employee benefits

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognized until the time of leave.

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 recognized 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.

2.16 Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalized as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profits, including existing taxable temporary difference, will be available against which the deductible temporary differences, unused tax losses and unused tax credits, can be utilized.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary differences 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 recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realized, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognized in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognized amounts; and

(b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

(i) has control or joint control over of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Group are members of the same group.

(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) the entity and the Group 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 (if the Group is itself such a plan) and the sponsoring employers are also 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Fair value measurements

For the purposes of financial reporting, fair value measurement is categorized into Level 1, 2 and 3 of the three level fair value hierarchy as defined under the HKFRS 13. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations:	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
Level 2 valuations:	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
Level 3 valuations:	Fair value measured using significant unobservable inputs.

2.20 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.

3. NEW AND AMENDED HKFRSs

3.1 Amended HKFRSs that are effective for annual periods beginning on 1 April 2017

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealized Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities

Other than as noted below, the adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Notes to the Consolidated Financial Statements

For the year ended 31 March

3. NEW AND AMENDED HKFRSs *(Continued)*

3.1 Amended HKFRSs that are effective for annual periods beginning on 1 April 2017 *(Continued)*

Amendments to HKAS 7 "Disclosure Initiative"

The amendments require an entity to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. A reconciliation between the opening and closing balances of liabilities arising from financing activities is set out in note 42. Consistent with the transitional provisions of the amendments, the Group has not disclosed comparative information for the prior year. Except for the additional disclosure in note 42, the application of these amendments has had no impact on the Group's consolidated financial statements.

3.2 Issued but not yet effective HKFRSs

At the date of authorization of these consolidated financial statements, the following new and amended HKFRSs that are relevant to the Group have been issued but are not yet effective for the financial year beginning on 1 April 2017, and have not been adopted early by the Group:

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Vennture[4]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKAS 19	Plan Amendment Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28 included in Annual Improvements 2014-2016 Cycle	Investments in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]
Amendments to HKAS 40	Transfer of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective date note yet determined

Notes to the Consolidated Financial Statements

For the year ended 31 March

3. NEW AND AMENDED HKFRSs *(Continued)*

3.2 Issued but not yet effective HKFRSs *(Continued)*

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's financial statements.

HKFRS 9 "Financial instruments"

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for the impairment of financial assets.

HKFRS 9 also contains new requirements on the application of hedge accounting. The new requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness.

The directors have identified the following areas that are expected to be most impacted by the application of HKFRS 9:

- the classification and measurement of the Group's financial assets. The Group holds most financial assets to hold and collect the associated cash flows and is currently assessing the underlying types of cash flows to classify financial assets correctly.

- equity securities classified as investment held for trading carried at fair value as disclosed in note 22 which are held within a business model whose objective is achieved by selling the equity securities, these securities instruments will continue to be measured at fair value through profit or loss;

- the measurement of equity investments at cost less impairment. All such investments will instead be measured at fair value with changes in fair value presented either in profit or loss or in other comprehensive income. To present changes in other comprehensive income requires making an irrevocable designation on initial recognition or at the date of transition to HKFRS 9.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, this will apply to the Group's financial assets classified as loan receivables. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity is required to recognize and measure either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances.

Notes to the Consolidated Financial Statements

For the year ended 31 March

3. NEW AND AMENDED HKFRSs *(Continued)*

3.2 Issued but not yet effective HKFRSs *(Continued)*

HKFRS 9 "Financial instruments" *(Continued)*

- all other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate that the adoption of HKFRS 9 would not have material impact on the results and financial position of the Group.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations. HKFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue; at a point in time or overtime. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. The five steps are as follows:

1. Identify the contract(s) with customer;

2. Identify the performance obligations in the contract;

3. Determine the transaction price;

4. Allocate the transaction price to the performance obligations;

5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

HKFRS 15 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 April 2018 and the application of HKFRS 15 may result in more disclosures, however, it is not expected to have significant impact on amounts reported in the consolidated financial statements based on the assessment on the existing contracts with customers after taking into account the above core principle.

Notes to the Consolidated Financial Statements

For the year ended 31 March

3. NEW AND AMENDED HKFRSs *(Continued)*

3.2 Issued but not yet effective HKFRSs *(Continued)*

HKFRS 16 "Leases"

HKFRS 16 "Leases" will replace HKAS 17 and three related Interpretations.

As disclosed in note 2.9, currently the Group classifies leases into operating leases and accounts for the lease arrangements. The Group enters into leases as lessor and lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease, the lessee will recognize a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee would recognize interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognizing rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e., where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognized on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases of land and buildings and other assets which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 37, as at 31 March 2018, the Group's future minimum lease payments under non-cancellable operating leases amounted to HK$6,481,000 for land and buildings, the majority of which is payable within one year. Some of these amounts may therefore need to be recognized as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transitional options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt HKFRS 16 retrospectively or follow a modified retrospective method of recognizing a cumulative effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.

Notes to the Consolidated Financial Statements

For the year ended 31 March

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 2, 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.

4.1 Sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

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 2018 was approximately HK$2,975,000 (2017: HK$3,094,000). 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 available for 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.

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 which 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.1 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 2018 at the fair value of approximately HK$268,446,000 (2017: HK$246,000,000). The fair value was based on valuation on the properties conducted by an independent firm of professional valuer using direct comparison 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 profit or loss and other comprehensive income.

Impairment of license right

Determining whether license right is impaired requires an estimation of the value in use of the CGUs to which license right has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2018, the carrying amount of license right is approximately HK$3,386,000 (2017: HK$3,386,000). No impairment loss has been recognized as at 31 March 2018 and 2017. Details of the impairment testing on license right are set out in note 16.

4.2 Critical judgements in applying the Group's accounting policies

Impairment loss in respect of accounts receivable, loan receivables, other receivables and promissory note receivables

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.2 Critical judgements in applying the Group's accounting policies *(Continued)*

Impairment loss in respect of accounts receivable, loan receivables, other receivables and promissory note receivables *(Continued)*

As at 31 March 2018, the carrying amount of accounts receivable is approximately HK$58,770,000 (net of accumulated impairment loss of approximately HK$5,226,000) (2017: HK$35,862,000 (net of accumulated impairment loss of approximately HK$3,011,000)); the carrying amount of loan receivables is approximately HK$248,452,000 (net of accumulated impairment loss of approximately HK$40,145,000) (2017: HK$247,214,000 (net of accumulated impairment loss of approximately HK$42,271,000)); the carrying amount of promissory note receivables is HK$76,697,000 (net of accumulated impairment loss of HK$1,657,000) (2017: HK$31,087,000 (net of accumulated impairment loss of HK$388,000)).

5. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus is on the type of goods or services delivered or provided. The Group's reportable segments under HKFRS 8 are as follows:

- the financial services segment provides securities dealing, brokerage financing, corporate finance, asset management and other financing services;
- the mortgage financing segment 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; and
- the securities trading segment engages in trading of securities and derivative products.

Notes to the Consolidated Financial Statements

For the year ended 31 March

5. 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 2018

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment revenues:							
External sales	57,374	27,327	931	304	–	–	85,936
Inter-segment sales	852	–	–	–	–	(852)	–
	58,226	27,327	931	304	–	(852)	85,936
Segment profit/(loss) after inter-segment transactions	20,480	16,792	(3,450)	(20,271)	–	–	13,551
Unallocated income							396
Unallocated expenses							(31,295)
Loss before taxation							(17,348)

Notes to the Consolidated Financial Statements

For the year ended 31 March

5. 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 2017

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment revenues:							
External sales	41,808	29,244	3,049	648	39	–	74,788
Inter-segment sales	840	–	–	–	–	(840)	–
	42,648	29,244	3,049	648	39	(840)	74,788
Segment (loss)/profit after inter-segment transactions	(15,495)	20,464	56,144	(33,559)	(398)	–	27,156
Unallocated income							436
Unallocated expenses							(26,508)
Profit before taxation							1,084

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2.20. Segment (loss)/profit represents the (loss)/profit from each segment without allocation of central administrative expenses, central sundry income, directors' remunerations, bank interest income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Notes to the Consolidated Financial Statements

For the year ended 31 March

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

As at 31 March 2018

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
Segment assets	**445,728**	**158,321**	**268,690**	**73,713**	**11**	**126,964**	**1,073,427**
Segment liabilities	**259,997**	**69,884**	**50,749**	**5**	**30**	**65,609**	**446,274**

As at 31 March 2017

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
Segment assets	279,355	144,810	251,238	77,191	36	185,379	938,009
Assets of disposal group classified as held-for-sale							110,964
							1,048,973
Segment liabilities	197,493	82,685	36,442	5	30	66,624	383,279
Liabilities of disposal group classified as held-for-sale							66,811
							450,090

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, cash and cash equivalents, unallocated furniture and equipment, and unallocated other receivables, deposits and prepayments; and
- all liabilities are allocated to reportable segments other than unallocated borrowings and unallocated other payables and accruals.

Notes to the Consolidated Financial Statements

For the year ended 31 March

5. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 March 2018

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measurement of segment profit or loss or segment assets							
Change in fair value of financial assets at fair value through profit or loss	2,500	–	–	(23,956)	–	–	(21,456)
Gain on disposal of financial assets at fair value through profit or loss	–	–	–	2,066	–	–	2,066
Impairment loss recognized in respect of loan receivables	(2,189)	(725)	–	–	–	–	(2,914)
Impairment loss recognized in respect of accounts receivable	(2,337)	–	–	–	–	–	(2,337)
Impairment loss recognized in respect of other receivables	–	(17)	–	–	–	–	(17)
Impairment loss recognized in respect of promissory note receivables	(1,269)	–	–	–	–	–	(1,269)
Reversal of impairment loss recognized in respect of loan receivables	771	364	–	–	–	–	1,135
Reversal of impairment loss recognized in respect of accounts receivable	122	–	–	–	–	–	122
Bad debt recovery for loan receivables	96	–	–	–	–	–	96
Depreciation	(830)	(95)	(127)	–	–	(371)	(1,423)
Loss on exchange difference, net	(196)	–	–	–	–	–	(196)
Gain on disposal of furniture and equipment	–	–	–	–	–	40	40
Gain/(Loss) on disposal of subsidiaries	30,406	–	(3,305)	–	–	–	27,101
Additions to non-current assets (note)	1,219	54	22,495	–	–	24	23,792
Amounts regularly provided to chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:							
Bank interest income	–	–	–	–	–	77	77
Finance costs	–	–	–	–	–	(14,118)	(14,118)

Note: The amounts exclude the additions to loan receivables and intangible asset.

Notes to the Consolidated Financial Statements

For the year ended 31 March

5. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 March 2017

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measurement of segment profit or loss or segment assets							
Change in fair value of investment properties	–	–	53,998	–	–	–	53,998
Change in fair value of financial assets at fair value through profit or loss	–	–	–	(33,707)	–	–	(33,707)
Gain on disposal of financial assets at fair value through profit or loss	–	–	–	682	–	–	682
Impairment loss recognized in respect of loan receivables	(4,269)	(1,099)	–	–	–	–	(5,368)
Impairment loss recognized in respect of accounts receivable	(2,531)	–	–	–	–	–	(2,531)
Impairment loss recognized in respect of other receivables	–	(691)	–	–	–	–	(691)
Impairment loss recognized in respect of promissory note receivables	(388)	–	–	–	–	–	(388)
Reversal of impairment loss recognized in respect of loan receivables	824	1,621	–	–	–	–	2,445
Reversal of impairment loss recognized in respect of accounts receivable	831	–	–	–	–	–	831
Reversal of impairment loss recognized in respect of other receivable	–	129	–	–	–	–	129
Bad debt recovery for loan receivables	106	–	–	–	–	–	106
Depreciation	(1,012)	(94)	(228)	–	–	(449)	(1,783)
Loss on exchange difference, net	(48)	–	–	–	–	–	(48)
(Loss)/Gain on disposal of furniture and equipment	(1)	(1)	–	–	(157)	50	(109)
Additions to non-current assets (note)	509	5	16,890	–	–	150	17,554
Amounts regularly provided to chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:							
Bank interest income	–	–	–	–	–	89	89
Finance costs	–	–	–	–	–	(8,785)	(8,785)

Note: The amounts exclude the additions to loan receivables and intangible asset.

Geographical information

The Group's operations are located in Hong Kong. All of the Group's non-current assets (excluding loan receivables) are located in Hong Kong. In addition, all of the Group's revenue during the years ended 31 March 2018 and 2017 were derived from Hong Kong.

Notes to the Consolidated Financial Statements

For the year ended 31 March

5. SEGMENT INFORMATION *(Continued)*

Information about major customers

During the year ended 31 March 2018, HK$9,348,000, represented 11% of the Group's revenue received from a single customer in the financial services segment (2017: Nil).

6. TURNOVER, REVENUE AND OTHER INCOME

Turnover represents the amounts received and receivable for goods sold and services provided, trading of securities, commission and brokerage income from securities dealing, interest income from mortgage, margin and other financing, dividend income and rental income. Details of the Group's turnover, revenue and other income are analyzed as follows:

	2018 HK$'000	2017 HK$'000
Turnover and revenue		
Fees and commission income from brokerage and corporate finance	31,201	25,460
Interest income from margin and other financing	26,172	16,348
Interest income from mortgage financing	27,327	29,244
Dividends income	304	648
Rental income	932	3,049
Sales of goods	–	39
Revenue for the year	85,936	74,788
Proceeds from investments held for trading	162,678	161,850
Turnover for the year	248,614	236,638
Other income		
Arrangement fee income	4,882	2,572
Bank interest income	77	89
Reversal of impairment loss recognized in respect of other receivables	–	129
Reversal of impairment loss recognized in respect of accounts receivable	122	831
Bad debt recovery from loan receivables	96	106
Gain on settlement of derivative financial instruments	–	4,664
Gain on disposal of furniture and equipment	40	–
Handling fee income	–	240
Consultancy fee income	3,031	–
Penalty interest income	901	649
Subscription fee income	3,011	–
Management fee income	322	–
Factoring charge income	1,688	383
Sundry income	2,036	358
	16,206	10,021

Notes to the Consolidated Financial Statements

For the year ended 31 March

7. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit for the year is arrived at after charging/(crediting):

	2018 HK$'000	2017 HK$'000
Staff costs (including directors' emolument):		
– salaries, allowances and other benefits	**51,804**	45,982
– retirement benefit scheme contributions	**1,462**	1,164
Auditor's remuneration	**800**	880
Depreciation	**1,423**	1,783
Loss on exchange difference, net	**196**	48
(Gain)/Loss on disposal of furniture and equipment	**(40)**	109
Lease payment under operating leases for rented premises	**7,398**	6,960
Impairment loss recognized in respect of loan receivables	**2,914**	5,368
Impairment loss recognized in respect of accounts receivable	**2,337**	2,531
Impairment loss recognized in respect of other receivables	**17**	691
Impairment loss recognized in respect of promissory note receivables	**1,269**	388
Cost of inventories recognized as an expense	**–**	53

8. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on:		
– secured bank loans	**3,005**	3,730
– bank overdraft	**69**	21
– promissory note payables	**9,190**	5,034
– other secured loan	**1,854**	–
	14,118	8,785

9. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the consolidated financial statements for the year ended 31 March 2018 (2017: Nil) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March

9. INCOME TAX EXPENSE *(Continued)*

Reconciliation between tax expense and accounting profit at applicable tax rates:

	2018 HK$'000	2017 HK$'000
(Loss)/Profit before taxation	(17,348)	1,084
Tax at domestic income tax rate of 16.5%	(2,862)	179
Tax effect of expenses not deductible for tax purpose	682	14,417
Tax effect of income not taxable for tax purpose	(5,615)	(26,807)
Tax effect of temporary differences not recognized	(18)	(167)
Tax effect of tax losses not recognized	10,215	13,342
Utilization of tax loss previously not recognized	(2,402)	(964)
Income tax expense for the year	–	–

As at 31 March 2018, the Group has unused tax losses of approximately HK$340,939,000 (2017: HK$293,587,000) available for offset against future profits. The tax losses are subject to the agreement from the Hong Kong Inland Revenue Department. No deferred tax asset has been recognized of such losses due to the unpredictability of future profit streams for certain of subsidiaries. The tax losses may be carried forward indefinitely.

10. DIRECTORS, CHIEF EXECUTIVES EMOLUMENTS

Directors, and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

		Other emoluments			
Name of Director	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2018					
Executive Directors					
Cheung Hoo Win	–	538	90	18	646
Ng Yiu Chuen	–	960	315	18	1,293
Mak Kit Ping	–	840	280	42	1,162
Zhang Yuyan	–	150	–	–	150
Chen Lili	–	120	–	–	120
*Independent Non-Executive Directors ("**INEDs**")*					
Zhao Qingji	200	–	–	–	200
Yeung Shun Kee	100	–	–	–	100
Li Hancheng	100	–	–	–	100
Lo Tsz Fung Philip	149	–	–	–	149
Lee Kwok Yin Denthur	100	–	–	–	100
	649	2,608	685	78	4,020

Notes to the Consolidated Financial Statements

For the year ended 31 March

10. DIRECTORS, CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

		Other emoluments			
Name of Director	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2017					
Executive Directors					
Cheung Hoo Win	–	537	90	18	645
Ng Yiu Chuen	–	864	393	18	1,275
Mak Kit Ping	–	728	182	36	946
Zhang Yuyan	–	150	–	–	150
Chen Lili	–	120	–	–	120
INEDs					
Zhao Qingji	200	–	–	–	200
Yeung Shun Kee	130	–	–	–	130
Li Hancheng	100	–	–	–	100
Lo Tsz Fung Philip	80	–	–	–	80
Lee Kwok Yin Denthur	42	–	–	–	42
	552	2,399	665	72	3,688

No emoluments were paid by the Group to any directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2017: Nil).

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2017: Nil).

11. EMPLOYEES' EMOLUMENTS

During the year, the five highest paid individuals included one (2017: one) director of the Company, whose emoluments have been included in note 10 above. The emoluments of the remaining four (2017: four) individuals for the years ended 31 March 2018 and 2017 were as follows:

	2018 HK$'000	2017 HK$'000
Salaries, allowances and other benefits	**16,058**	12,614
Retirement benefit scheme contributions	**71**	71
	16,129	12,685

No emoluments were paid by the Group 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 year (2017: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March

11. EMPLOYEES' EMOLUMENTS *(Continued)*

The emoluments fall within the following bands:

	Number of employees 2018	2017
Emolument bands:		
HK$2,000,001 to HK$2,500,000	**2**	2
HK$3,500,001 to HK$4,000,000	**–**	1
HK$4,000,001 to HK$4,500,000	**1**	1
HK$7,000,001 to HK$7,500,000	**1**	–
	4	4

12. DIVIDENDS

	2018 HK$'000	2017 HK$'000
Dividends recognized as distribution during the year:		
2017 interim dividend – HK0.10 cents per share with a scrip alternative	**–**	4,753
2018 interim dividend – HK0.12 cents per share	**5,811**	–
	5,811	4,753

13. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share was based on the loss for the year attributable to owners of the Company of HK$25,552,000 (2017: profit for the year attributable to owners of the Company of HK$5,698,000) and the weighted average number of 4,840,117,033 ordinary shares (2017: 4,553,633,261 ordinary shares) in issue during the year ended 31 March 2018.

Diluted loss per share for the year ended 31 March 2018 were the same as basic loss per share. The computation of diluted loss per share has not assumed the conversion of the Company's outstanding warrants (note 33) since the conversion would result in a decrease in loss per share.

The calculation of diluted earnings per share for the year ended 31 March 2017 was based on the profit for the year attributable to owners of the Company of HK$5,698,000 and the weighted average number of 4,553,663,261 ordinary shares in issue during the year and adjusting for the potential dilutive ordinary shares of 364,219,746 arising from the outstanding warrants granted.

Notes to the Consolidated Financial Statements

For the year ended 31 March

14. FURNITURE AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 April 2017	4,323	7,774	2,746	14,843
Additions	263	1,083	–	1,346
Disposals	–	(36)	(569)	(605)
Disposal of a subsidiary (note 28)	–	(41)	–	(41)
At 31 March 2018	**4,586**	**8,780**	**2,177**	**15,543**
Accumulated Depreciation				
At 1 April 2017	3,987	5,967	1,795	11,749
Charge for the year	285	758	380	1,423
Eliminated on disposals	–	(33)	(569)	(602)
Disposal of a subsidiary (note 28)	–	(2)	–	(2)
At 31 March 2018	**4,272**	**6,690**	**1,606**	**12,568**
Net book value				
At 31 March 2018	**314**	**2,090**	**571**	**2,975**
Cost				
At 1 April 2016	4,859	7,493	3,244	15,596
Additions	364	521	–	885
Disposals	–	(240)	(498)	(738)
Transferred to disposal group classified as held-for-sale (note 27)	(900)	–	–	(900)
At 31 March 2017	4,323	7,774	2,746	14,843
Accumulated Depreciation				
At 1 April 2016	3,613	5,377	1,894	10,884
Charge for the year	719	665	399	1,783
Eliminated on disposals	–	(75)	(498)	(573)
Transferred to disposal group classified as held-for-sale (note 27)	(345)	–	–	(345)
At 31 March 2017	3,987	5,967	1,795	11,749
Net book value				
At 31 March 2017	336	1,807	951	3,094

Notes to the Consolidated Financial Statements

For the year ended 31 March

15. INVESTMENT PROPERTIES

	2018 HK$'000	2017 HK$'000
At 1 April	246,000	283,333
Capitalized subsequent expenditures	22,446	16,669
Changes in fair value recognized in profit or loss	–	53,998
Transferred to disposal group classified as held-for-sale (note 27)	–	(108,000)
At 31 March	268,446	246,000

The investment properties are situated in Hong Kong held under medium-term leases.

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

At the end of the reporting period, the Group's investment properties of approximately HK$268,446,000 (2017: HK$246,000,000) has been pledged to secure the banking and loan facilities granted to the Group as details stated in note 31.

The fair values of the investment properties at 31 March 2018 and 2017 were revalued by Jones Lang LaSalle Limited, an independent qualified professional surveyors who has 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 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 residual approach with reference to estimated sales prices of similar completed property allowing for the outstanding development cost, primarily construction cost to complete. In relies on series of assumption, with reference to the prevailing market condition, to arrive at an estimated market value of the properties. There were no significant unobservable inputs in respect of the fair value measurement for the year ended 31 March 2018.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use and is categorised as Level 3 of the three-level fair value hierarchy as defined under HKFRS 13.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March

16. INTANGIBLE ASSET

	HK$'000
Cost and carrying values at 1 April 2016, 31 March 2017 and 31 March 2018	3,386

The intangible asset represents a license right acquired as part of a business combination of Ever-Long Capital Management Limited. The license carries a right to conduct asset management business in Hong Kong, and has no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the license right is considered by the management of the Group as having an indefinite useful life and is not amortized. It is tested for impairment annually and whenever there is an indication that it may be impaired.

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, and a discount rate of 19.64% (2017: 2.7%) per annum and without any growth rate (2017: Nil).

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 2018 (2017: Nil).

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018 HK$'000	2017 HK$'000
Unlisted investment		
– equity securities, at cost (note a)	4,637	3,857
– equity fund, at fair value (note b)	72,499	–
– equity fund, at cost (note b)	–	5,000
	77,136	8,857
Less: Allowance for impairment loss	(3,857)	(3,857)
	73,279	5,000

Notes:

(a) The investments in unlisted equity securities represent equity interest in two (2017: one) private entities that offer the Group the opportunity for return through dividend income. The investment in unlisted equity securities are measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably.

As at 31 March 2018, an impairment loss of approximately HK$3,857,000 (2017: HK$3,857,000) in respect of available-for-sale financial assets carried at cost as a result of its decrease in the recoverable amounts had been recognized.

(b) As at 31 March 2017, the investment in equity fund ("**Equity Fund**") were measured at cost less impairment because the Equity Fund did not have a quoted price in an active market and the fair value information of the Equity Fund was not available to the Group.

As at 31 March 2018, the Equity Fund mainly comprised (i) a listed equity security; (ii) four unlisted equity securities; and (iii) the net amount of certain financial assets and financial liabilities measured at amortized costs, which included promissory note receivables, bank balances, promissory note payables and accruals. The fair value of the Equity Fund were substantially attributable to the unlisted equity securities. As at 31 March 2018, the investment in Equity Fund was measured at fair value and the fair value changes of HK$35,294,000 during the year ended 31 March 2018 has been recognized in other comprehensive income.

As at 31 March 2018, the fair value of the Equity Fund was determined by the directors with reference to the fair value of a listed equity security, unlisted equity securities and the carrying amount of financial assets and financial liabilities measured at amortized costs held by the Equity Fund.

The fair values of the listed equity security was determined based on the quoted market bid prices available on relevant exchanges. The fair values of unlisted equity securities were determined by reference to the valuation reports issued by an independent valuer as at 31 December 2017 on the respective unlisted equity securities held by the Equity Fund by using the market approach with unobservable inputs including multiplier of revenue, earnings before income tax and price earnings, and adjusted for discounts or premiums where appropriate. The directors are of the opinion that there were no material changes to the fair value of the unlisted equity securities held by the Equity Fund from 31 December 2017 to 31 March 2018. The fair value of the financial assets and financial liabilities measured at amortized costs were determined based on their carrying amount in the Equity Fund as at 31 March 2018.

Notes to the Consolidated Financial Statements

For the year ended 31 March

18. LOAN RECEIVABLES

	2018 HK$'000	2017 HK$'000
Securities dealing and brokerage services		
– secured margin loans (note a)	**89,324**	108,340
Less: Allowance for impairment losses	**(27,916)**	(26,498)
	61,408	81,842
Financing business		
– unsecured loans	**11,961**	6,226
– secured loans	**22,150**	22,825
– secured mortgage loans (note b)	**165,162**	152,094
Less: Allowance for impairment losses	**(12,229)**	(15,773)
	187,044	165,372
	248,452	247,214
The Group's loan receivables (net of impairment losses) are analyzed into:		
– Non-current assets	**55,039**	75,792
– Current assets	**193,413**	171,422
	248,452	247,214

Notes:

a. Secured loans to margin clients are secured by the underlying 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.

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

Securities dealing and brokerage services:

The amount of credit facilities granted to clients is determined by reference to the market value of the collateral securities accepted by the Group. As at 31 March 2018, the total market value of securities pledged as collateral in respect of the loans to clients was approximately HK$189,556,000 (2017: HK$316,489,000).

Loan receivables under secured margin loans of approximately HK$89,324,000 (2017: HK$108,340,000) are repayable on demand and bear interests at interest rates with reference to prime rate plus a spread for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 March

18. LOAN RECEIVABLES *(Continued)*

Financing business:

Loan receivables under unsecured loans of approximately HK$11,961,000 (2017: HK$3,442,000) bear interests at interest rates with reference to commercial rates while the remaining balances of approximately Nil (2017: HK2,784,000) are non-interest bearing.

Loan receivables under secured loans of approximately HK$22,150,000 (2017: HK$22,825,000) bear interests at interest rates with reference to commercial rates. Loan receivables under secured mortgage loans of approximately HK$165,162,000 (2017: HK$152,094,000) are repayable on demand or on the fixed dates 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 2018, the total market value of properties pledged as collateral in respect of the mortgage loans was approximately HK$474,932,000 (2017: HK$450,914,000).

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

	2018 HK$'000	2017 HK$'000
Within 6 months	128,654	108,328
Over 6 months and up to 1 year	28,127	37,581
Over 1 year	30,263	19,463
	187,044	165,372

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

	2018 HK$'000	2017 HK$'000
On demand or within 1 year	132,005	89,580
In more than 1 year but not more than 5 years	24,705	31,643
Over 5 years	30,334	44,149
	187,044	165,372

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March

18. LOAN RECEIVABLES *(Continued)*

Financing business: *(Continued)*

As at 31 March 2018 and 2017, the Group's loan receivables of HK$187,044,000 (2017: HK$165,372,000) for the financing business were neither past due nor impaired for.

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.

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

	Financing business		Margin clients		Total	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
At 1 April	**15,773**	16,295	**26,498**	23,053	**42,271**	39,348
Impairment loss recognized for the year	**725**	1,099	**2,189**	4,269	**2,914**	5,368
Reversal of impairment loss recognized for the year	**(364)**	(1,621)	**(771)**	(824)	**(1,135)**	(2,445)
Written-off	**(3,616)**	–	**–**	–	**(3,616)**	–
Eliminated on disposal of subsidiaries	**(289)**	–	**–**	–	**(289)**	–
At 31 March	**12,229**	15,773	**27,916**	26,498	**40,145**	42,271

At the end of each reporting date, the Group's loan receivables were individually determined to be impaired. The individually impaired loan receivables are recognized 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 recognized.

19. ACCOUNTS RECEIVABLE

The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are regularly reviewed by senior management. The general settlement terms of accounts receivable attributable to the securities dealing and the brokerage services are two days after the trade date.

	2018 HK$'000	2017 HK$'000
Accounts receivable	**63,996**	38,873
Less: Allowance for impairment losses	**(5,226)**	(3,011)
	58,770	35,862

Notes to the Consolidated Financial Statements

For the year ended 31 March

19. ACCOUNTS RECEIVABLE *(Continued)*

	2018 HK$'000	2017 HK$'000
Balance in relation to:		
– securities dealing and brokerage services	**53,851**	31,887
– others	**4,919**	3,975
	58,770	35,862

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

	2018 HK$'000	2017 HK$'000
Within 6 months	**51,864**	27,761
Over 6 months and up to 1 year	**1,269**	2,148
Over 1 year	**5,637**	5,953
	58,770	35,862

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

			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 2018	**58,770**	**30,093**	**19,428**	**2,446**	**1,393**	**5,410**
31 March 2017	35,862	7,296	11,229	9,236	2,148	5,953

Included in the Group's accounts receivable balances are accounts receivable with aggregate carrying amount of HK$28,677,000 (2017: HK$28,566,000) 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 securities dealing and brokerage services made to recognized 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 Group held listed securities in client accounts with market value at 31 March 2018 of approximately HK$102,481,000 (2017: HK$113,940,000) as collateral over the secured balances of HK$29,748,000 (2017: HK$31,887,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March

19. ACCOUNTS RECEIVABLE *(Continued)*

The directors of the Company consider that the fair values of accounts receivable which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

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

The movement in the impairment of accounts receivable is as follows:

	2018 HK$'000	2017 HK$'000
At 1 April	3,011	1,311
Impairment loss recognized for the year	2,337	2,531
Reversal of impairment loss	(122)	(831)
At 31 March	5,226	3,011

Included in the impairment of accounts receivable are individually impaired accounts receivable with an aggregate balance of HK$5,226,000 (2017: HK$3,011,000) which have been in disputes with the Group or in severe financial difficulties.

20. PROMISSORY NOTE RECEIVABLES

	2018 HK$'000	2017 HK$'000
Promissory note receivables	78,354	31,475
Less: Allowance for impairment losses	(1,657)	(388)
	76,697	31,087

Promissory note receivables as at 31 March 2018, bear interest at the rates ranging from 8% to 36% (2017: from 12% to 36%) per annum and are repayable on demand.

The directors of the Company consider that the fair values of promissory note receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Notes to the Consolidated Financial Statements

For the year ended 31 March

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018 HK$'000	2017 HK$'000
Deposits	5,502	2,964
Prepayments	890	1,144
Interest receivables	5,823	4,368
Other receivables	10,069	14,112
	22,284	22,588
Less: Allowance for impairment losses	(1,127)	(1,320)
	21,157	21,268

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

	2018 HK$'000	2017 HK$'000
At 1 April	1,320	758
Impairment loss recognized for the year	17	691
Reversal of impairment loss recognized for the year	–	(129)
Written-off	(210)	–
At 31 March	1,127	1,320

The directors of the Company consider that the fair values of other receivables, deposits and prepayments which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Notes to the Consolidated Financial Statements

For the year ended 31 March

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 HK$'000	2017 HK$'000
Securities held-for-trading in accordance with HKAS 39:		
– Listed equity securities – Hong Kong	53,286	76,688
– Listed securities – overseas	20,427	–
– Unlisted equity securities – Hong Kong	6,250	–
	79,963	76,688

The fair values of the above listed securities are determined based on the quoted market bid prices available on the relevant exchange.

The fair values of the unlisted equity securities are determined based on the recent agreed transaction price.

23. DERIVATIVE FINANCIAL INSTRUMENTS

	2018 HK$'000	2017 HK$'000
Assets:		
– call option (note a)	–	503
– collar options (note b)	5,306	–
	5,306	503
Liabilities		
– collar options (note b)	(5,306)	–
Unrealized fair value gain	–	503

Notes:

(a) The fair value measurements for the call option are categorized as Level 2. The fair values were determined by binomial model which involves the construction of a binomial lattice which represents different possible paths that might be followed by the stock price over the life of the structure product.

(b) The fair value measurements for the collar options are categorized as Level 2. The fair values were determined by Black Scholes Option Pricing Model by recognized valuation specialist using observable market prices of underlying security, risk-free interest rate corresponding to the maturity of the contracts and expected volatility of security price.

Notes to the Consolidated Financial Statements

For the year ended 31 March

24. CLIENT TRUST FUNDS

The Group maintains segregated trust accounts with authorized 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 recognized the corresponding accounts 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 (2017: bank deposit savings rate).

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

	2018 **HK$'000**	2017 HK$'000
United States dollar ("**USD**")	**22,694**	40
Renminbi ("**RMB**")	**1,118**	1,495
New Taiwanese dollar ("**NTD**")	**7,011**	–

25. PLEDGED BANK DEPOSITS

The pledged bank deposits carry fixed interest rate ranging from 0.58% to 3.20% (2017: 0.58% to 3%) per annum and have been pledged to banks to secure overdraft banking facilities granted to the Group. The Group covenants to maintain deposits of not less than HK$6,310,000 (2017: HK$6,273,000) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March

26. CASH AND CASH EQUIVALENTS

	2018 **HK$'000**	2017 HK$'000
Cash at bank	**119,598**	176,221
Cash in hand	**32**	39
	119,630	176,260

Cash and cash equivalents comprise short-term bank deposits which carry interest at prevailing market rate. The maturities of bank deposits were within three months.

The Group's cash and cash equivalents that are not denominated in the functional currency of the respective subsidiaries are as follows:

	2018 **HK$'000**	2017 HK$'000
RMB	**3,008**	5,299
Singapore dollar ("**SGD**")	**195**	212
Australian dollar ("**AUD**")	**–**	13
NTD	**204**	47
USD	**11,693**	9,473

Notes to the Consolidated Financial Statements

For the year ended 31 March

27. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

On 24 March 2017, the Group entered into a provisional sales and purchases agreement to dispose of its wholly owned subsidiary, Full Bright Global Limited, which was the holding company of Treasure Profit Limited ("**Treasure Profit**") (collectively referred to as "**Full Bright Group**") at a gross consideration of HK$108,000,000. Treasure Profit held an investment property of the Group. Then respective assets and liabilities of Full Bright Group were presented as held for sale in the consolidated statement of financial position as at 31 March 2017.

The major classes of assets and liabilities of Full Bright Group classified as held for sale as at 31 March 2017 are as follows:

	2017 HK$'000
Investment property (note 15)	108,000
Furniture and equipment (note 14)	555
Other receivables	69
Cash and cash equivalents	2,340
Assets of disposal group held for sale	110,964
Other payables and accruals	611
Bank borrowings	66,200
Liabilities of disposal group held for sale	66,811
Net assets of disposal group held for sale	44,153

Notes to the Consolidated Financial Statements

For the year ended 31 March

28. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Full Bright Group

The formal sales and purchases agreement for the disposal of Full Bright Group was entered into on 22 May 2017 and was completed on 31 July 2017. The net proceeds, after deducting liabilities and transaction costs, received by the Group was approximately HK$37,915,000.

The major classes of assets and liabilities of Full Bright Group as at the date of disposal are as follows:

	HK$'000
Net assets disposed of:	
Investment property	108,000
Furniture and equipment	555
Other receivables	16
Bank borrowings	(66,707)
Other payables and accruals	(644)
	41,220
Loss on disposal of subsidiaries:	
Cash consideration received	108,000
Liabilities settled and transaction costs incurred	(70,085)
Net cash consideration received	37,915
Net assets disposal of	(41,220)
	(3,305)
Analysis of net cash flow on disposal:	
Net cash consideration received	37,915
Cash and cash equivalents disposed of	–
	37,915

(b) Disposal of Brighten Finance Limited

On 31 August 2017, Brighten Int'l Holdings Limited, a non-wholly owned subsidiary of the Group, entered into two separate sales and purchases agreements in relation to the disposal of its subsidiary, Brighten Finance Limited ("**BFL**"). One of the agreements was related to the disposal of 75% equity interest in BFL to a fund (the "**Fund**") at a consideration of HK$22,500,000 while the other agreement was related to the disposal of the remaining 25% to an independent third party. On 27 September 2017, the disposal of the 75% equity interest to the Fund was completed. In respect of the disposal of the 25% equity interest in BFL, 12.5% was completed on 30 October 2017 and the remaining 12.5% was completed on 3 April 2018.

Notes to the Consolidated Financial Statements

For the year ended 31 March

28. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of Brighten Finance Limited *(Continued)*

The major classes of assets and liabilities of BFL as at the date of disposal were as follows:

	HK$'000
Net liabilities disposed of:	
Furniture and equipment (note 14)	39
Loan receivables	28,658
Other receivables	421
Amount due from the immediate holding company	10
Cash and cash equivalents	325
Amount due to a fellow subsidiary	(29,846)
Other payables	(13)
	(406)
Gain on disposal of subsidiary:	
Consideration received	22,500
Net liabilities disposed of	406
Fair value of equity interest retained by the Group	7,500
	30,406
Analysis of net cash flow on disposal:	
Cash consideration received	–
Cash and cash equivalents disposed of	(325)
	(325)

29. ACCOUNTS PAYABLE

Accounts payable 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.

As at the reporting date, accounts payable were interest-bearing at the bank deposit savings rate (2017: bank deposit savings rate) per annum.

The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

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

	2018 HK$'000	2017 HK$'000
USD	**22,694**	40
RMB	**1,118**	1,495
NTD	**7,011**	–

Notes to the Consolidated Financial Statements

For the year ended 31 March

30. PROMISSORY NOTE PAYABLES

The Group has obtained additional working capital by issuing promissory notes. They bear interest at the range of 4% to 8% (2017: 5% to 8%) per annum and are repayable within one year.

31. BORROWINGS

	2018 HK$'000	2017 HK$'000
Borrowing comprise:		
– secured bank loans (note a)	**115,242**	96,747
– other secured loans (note b)	**30,000**	20,000
	145,242	116,747
Borrowings are repayable:		
– within 1 year	**130,805**	101,537
– 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	**14,437**	15,210
Amount shown under current liabilities	**145,242**	116,747

Notes:

(a) As at 31 March 2018, the bank loans with carrying amount HK$49,650,000 (2017: HK$49,650,000) and HK$50,382,000 (2017: HK$31,133,000) are interest bearing at 2.875% per annum over Hong Kong Interbank Offered Rate ("**HIBOR**") and 3.05% per annum over HIBOR (2017: 2.875% per annum over HIBOR and 3.05% per annum over HIBOR), respectively, and are secured by:

- an investment property (note 15) of the Group with a carrying value of HK$221,446,000 (2017: HK$199,000,000);
- shares of Devonia Development Limited ("**Devonia**"), a subsidiary of the Group; and
- the Company's corporate guarantee (note 36).

As at 31 March 2018, the bank loans amounted to HK$15,210,000 (2017: HK$15,964,000) are interest bearing at floating rate of 2.75% per annum below Hong Kong Dollar Best Lending Rate (2017: 2.75% per annum below Hong Kong Dollar Best Lending Rate) as determined by the bank and secured by an investment property (note 15) of the Group with a carrying value of HK$47,000,000 (2017: HK$47,000,000) and the Company's corporate guarantee (note 36).

As at 31 March 2018, banking facilities of HK$6,100,000 secured by bank deposits (note 25) of HK$6,310,000 (2017: HK$6,273,000) was not utilized by the Group.

As at 31 March 2018, total unused banking facility amounting to HK$51,413,000 (2017: HK$75,274,000).

(b) As at 31 March 2018, the borrowing from independent third party is interest-bearing at 7.5% per annum (2017: 7.5% per annum) and secured by sub-charges/sub-mortgages on the first legal charges/mortgages of properties charged/mortgaged to the loan receivables of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March

32. BOND PAYABLES

The Group employs corporate bonds as one of its sources of financing. On 1 December 2017, a subsidiary of the Company issued a three-year corporate bond of HK$2,000,000 at par with coupon rate of 8% per annum and will be matured on 1 December 2020. The bonds is secured by the Company's corporate guarantee (note 36).

33. SHARE CAPITAL

	Number of shares		Amount	
	2018	2017	2018 HK$'000	2017 HK$'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	4,784,784,588	4,353,004,483	47,848	43,530
Shares issued in respect of scrip dividends (note a)	–	7,526,829	–	75
Shares issued in respect of warrants (note b)	161,347,494	424,253,276	1,613	4,243
At 31 March	4,946,132,082	4,784,784,588	49,461	47,848

Notes:

(a) Shares issued in respect of scrip dividends

On 25 January 2017, the Company issued and allotted 7,526,829 shares at an issue price of HK$0.1832 per share in respect of the interim dividend for the six months ended 30 September 2016 under the scrip dividend scheme. Except for the entitlement to the said interim dividend, the 7,526,829 shares issued rank pari passu in all respects with the then existing shares.

As a result, during the year ended 31 March 2017, the Company's share capital and share premium were increased by approximately HK$75,000 and HK$1,304,000, respectively.

(b) Shares issued in respect of warrants

On 14 July 2015, 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 – 2015**"). For details of the Bonus Issue of Warrants – 2015, please refer to the announcement of the Company dated 14 July 2015 ("**Announcement – 2015**"). 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). 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March

33. SHARE CAPITAL *(Continued)*

(b) Share issue in respect of warrants *(Continued)*

During the period from 1 April 2016 to 4 November 2016, 400,478,772 units of warrants had been exercised by the holders thereof. As a result, 400,478,772 shares were issued and allotted by the Company to the holders of such warrants pursuant to the Bonus Issue of Warrants – 2015 and, accordingly, the Company's share premium was increased by approximately HK$36,043,000. The 400,478,772 shares issued rank pari passu in all respects with the then existing shares. As at 4 November 2016, 389,268,428 units of warrants were not exercised and have lapsed accordingly.

On 13 December 2016, the Board proposed a new issue of bonus warrants to the shareholders of the Company on the basis of 1 warrants for every 5 shares (the "**Bonus Issue of Warrants – 2016**). For details of the Bonus Issue of Warrants – 2016, please refer to the announcement of the Company dated 13 December 2016 (the "**Announcement – 2016**"). On 17 January 2017, the shareholders approved the Bonus Issue of Warrants – 2016, pursuant to which 952,202,016 warrants were issued. The initial subscription price was HK$0.10 per share, and the subscription period was from 14 February 2017 to 13 February 2018 (both days inclusive). During the period from 14 February 2017 to 31 March 2017, 23,774,504 units of warrants had been exercised by the holders thereof. As a result, 23,774,504 shares were issued and allotted by the Company to the holders of such warrants Bonus Issue of Warrants – 2016 and, accordingly, the Company's share premium was increased by approximately HK$2,139,000. The 23,774,504 shares issued rank pari passu in all respects with the then existing Shares. On 31 March 2017, 928,427,512 units of warrants remained outstanding.

During the period from 1 April 2017 to 13 February 2018, 161,347,494 units of warrants under the Bonus Issue of Warrants – 2016 had been exercised by the holders thereof. As a result, 161,347,494 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$14,521,000. The 161,347,494 shares issued rank pari passu in all respects with the then existing Shares. As at 13 February 2018, 767,080,018 units of warrants were not exercised and have lapsed accordingly.

Notes to the Consolidated Financial Statements

For the year ended 31 March

34. 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 maximum number of shares (the "**Scheme Limit**") 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. At the annual general meeting held on 15 September 2017, shareholders of the Company approved to refresh the Scheme Limit. As a result, the new Scheme Limit has been increased to 482,125,176 shares.

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.

There was no option granted, exercised, cancelled or lapsed during the year ended 31 March 2018 under the Scheme (2017: Nil). As at 31 March 2018, the Company had no share options outstanding (2017: Nil).

35. RESERVES

(a) Special capital reserve

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

(b) Contributed surplus

The contributed surplus represents the difference between the fair value of the subsidiaries acquired pursuant to the Group reorganization 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 recognized as distribution.

Notes to the Consolidated Financial Statements

For the year ended 31 March

36. BANKING AND LOAN FACILITIES

As at 31 March 2018, the Company provided financial guarantees of HK$248,062,000 (2017: HK$297,012,000) 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.

37. 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:

	2018 **HK$'000**	2017 HK$'000
Within one year	**6,004**	5,889
In the second to fifth years, inclusive	**477**	3,090
	6,481	8,979

Leases for rented premises are negotiated for an average of two (2017: two) years and leases are fixed for an average of two (2017: two) years.

The Group as lessor

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:

	2018 **HK$'000**	2017 HK$'000
Within one year	**–**	1,352
In the second to fifth years, inclusive	**–**	115
	–	1,467

Notes to the Consolidated Financial Statements

For the year ended 31 March

38. 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 2018, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK$1,462,000 (2017: HK$1,164,000).

39. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2018, the Group had the following related party transactions or continuing related party transactions, certain of which fall under the definition of connected transactions or continuing connected transactions in Chapter 14A of the Listing Rules, but are exempted from the reporting, announcement, shareholders' approval and annual review requirements under the Listing Rules.

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

	2018 **HK$'000**	2017 HK$'000
Short-term benefits	**3,942**	3,616
Post-employment benefits	**78**	72
	4,020	3,688

The emoluments of directors and key executives is determined by the Remuneration Committee having regard to the performance of individual and market trends.

Notes to the Consolidated Financial Statements

For the year ended 31 March

39. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Material transactions with its related parties:

	2018 HK$'000	2017 HK$'000
Rental income from K.C. (Asset) Limited (note (i))	–	595
Fee income received from Mr. Woo Peter Ping ("**Mr. Woo**") (note (ii))	10	35
Consultancy fee paid to Mr. Ng Yiu Chuen ("**Mr. Ng**") (note (iii))	330	–
Interest paid to Mr. Cheung	596	–
Interest paid to Elfie Limited (note (iv))	114	–
Interest paid to Ms. Cheung	76	–
Interest paid to Ms. Mak Yin Fun (note (v))	11	–
Interest paid to Ms. Ng Kai Ning ("**Ms. Ng**") (note (vi))	126	449
Interest paid to Ms. Inez Lee ("**Ms. Lee**") (note (vii))	1,017	800
Interest paid to Ms. Cheng Chui Shan Phyllis ("**Ms. Cheng**") (note (viii))	207	–
Interest paid to Fintech Pte Limited ("**Fintech**") (note (ix))	938	575
Interest paid to Mr. Woo	–	188
Interest paid to Mr. So (note (ix))	199	–

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 the K.C. (Asset) Limited is Mr. Hooyin Cheung, 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) Mr. Ng is an executive director of the Company.

(iv) Elfie Limited is beneficially owned by Mr. Cheung and Ms. Yeung Han Yi Yvonne ("**Ms. Yeung**"). The directors of Elfie Limited are Mr. Hoowin Cheung, Ms. Cheung Lok Chi ("**Ms. Cheung**") and Mr. Hooyin Cheung. Ms. Cheung is the daughter of Mr. Cheung and Ms. Yeung.

(v) Ms. Mak Yin Fun is the mother of Ms. Mak Kit Ping, an executive director of the Company.

(vi) Ms. Ng is the daughter of Mr. Ng.

Notes to the Consolidated Financial Statements

For the year ended 31 March

39. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Material transactions with its related parties: *(Continued)*

Notes: *(Continued)*

(vii) Ms. Lee is the wife of Mr. Woo.

(viii) Ms. Cheng is the wife of Mr. Ng.

(ix) Mr. So Han Meng Julian ("**Mr. So**") and Mr. Woo were substantial shareholders of Fintech. Mr. So is a substantial shareholder of a non-wholly owned subsidiary of the Group and a director of a subsidiary of the Group.

(c) As at the reporting date, the Group had the following material balances with its related parties:

	2018 HK$'000	2017 HK$'000
Accounts receivable:		
Amount due from Mr. Lau Bing Lam ("**Mr. Lau**") (note (i))	512	582
Accounts payable:		
Amount due to Mr. Cheung (note (ii))	14,180	425
Amount due to Mr. Hoowin Cheung (note (ii))	2,935	–
Amount due to Ms. Cheung (note (ii))	2,638	–
Amount due to Mr. Hooyin Cheung (note (ii))	30	624
Amount due to K.Y. Limited (notes (ii) and (iii))	1,293	374
Amount due to Ms. Lee (note (ii))	25	1,310
Amount due to Ms. Yeung (note (ii))	435	283
Amount due to Ms. Mak Yin Fun (note (ii))	42	–
Promissory note receivables:		
Amount due from Fast LP (note (iv))	2,900	2,900
Promissory note payables:		
Amount due to Mr. Cheung (note (v))	13,000	15,000
Amount due to Elfie Limited (notes (v))	2,400	2,400
Amount due to Ms. Cheung (notes (v))	1,600	31,600
Amount due to Fintech (note (v))	17,426	11,560
Amount due to Ms. Ng (note (v))	3,500	700
Amount due to Ms. Cheng (notes (v))	3,500	1,800
Amount due to Ms. Lee (note (v))	16,000	10,000
Amount due to Ms. Mak Yin Fun (note (v))	400	–
Amount due to Mr. So (note (v))	4,000	–

Notes to the Consolidated Financial Statements

For the year ended 31 March

39. RELATED PARTY TRANSACTIONS *(Continued)*

(c) As at the reporting date, the Group had the following balances with its related parties: *(Continued)*

Notes:

(i) The amount is secured on relevant listed shares held by Mr. Lau, and interest bearing at 3% plus prime rate per annum. Mr. Lau is the father-in-law of Mr. Tang Kwan Chung, who is a director of certain subsidiaries of the Group.

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

(iii) Mr. Cheung and Ms. Yeung are the directors of K.Y. Limited.

(iv) The promissory note was issued by Fast Limited for and on behalf of Fast LP. Fast Limited is a company controlled by Mr. So and Mr. Woo. The interest rate for the promissory note is at 36% per annum and repayable on demand.

(v) The interest rates for the promissory note payables are at the range from 5% to 8% (2017: 5% to 8%) per annum and are repayable within one year.

Notes to the Consolidated Financial Statements

For the year ended 31 March

40. PRINCIPAL SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets and liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of subsidiaries	Place of incorporation/ Operations	Particulars of issued and paid up capital	Percentage of ownership interest and voting power directly held by the Company		Principal activities
			2018	2017	
Direct subsidiary					
Styland Enterprises Limited	Hong Kong	2 shares	100	100	Provision of management services
Indirect subsidiaries					
Devonia	Hong Kong	1,000 shares	100	100	Property investment
Ever-Long Asset Management Limited	Hong Kong	10,000,000 shares	100	100	Securities trading
Ever-Long Capital Limited	British Virgin Islands ("BVI")	4,000,000 shares of US$1 each	100	100	Provision of financing services
Ever-Long Finance Limited	Hong Kong	22,500,000 shares	100	100	Provision of financing services
Ever-Long Securities Company Limited	Hong Kong	150,000,000 shares	100	100	Securities brokerage and provision of financing services
Hoowin Limited	Hong Kong	10,000 shares	100	100	Property investment
Long River Investments Holdings Limited	BVI	200 shares of US$1 each	100	100	Securities trading
Styland (International) Limited	Hong Kong	100,000 shares	100	100	Securities trading
Talent Full Investment Limited	Hong Kong	1 share	100	100	Provision of management services
Brighten Management Limited	Hong Kong	1,000,000 shares	55	55	Strategic investment

Notes to the Consolidated Financial Statements

For the year ended 31 March

40. PRINCIPAL SUBSIDIARIES *(Continued)*

The Group includes subsidiaries, Brighten Int'l Holdings Limited and its subsidiaries ("**Brighten Group**"), with material non-controlling interests. The details and the summarized financial information of Brighten Group, before intragroup eliminations, are as follows:

	2018 HK$'000	2017 HK$'000
Proportion of ownership interests and voting rights held by the non-controlling interests	45%	45%
Non-current asset	132	–
Current assets	153,442	127,772
Current liabilities	(156,707)	(152,603)
Net liabilities	(3,133)	(24,831)
Carrying amount of non-controlling interests	(1,410)	(11,174)
Revenue	9,165	3,080
Others income	46,433	13,571
Total expenses	(37,369)	(26,903)
Profit/(Loss) for the year	18,229	(10,252)
Other comprehensive income for the year	3,468	–
Total comprehensive income/(expense) for the year	21,697	(10,252)
Profit/(Loss) attributable to non-controlling interests	8,204	(4,614)
Total comprehensive income/(expense) attributable to non-controlling interests	9,764	(4,614)
Dividend paid to non-controlling interests	–	–
Net cash flows from/(used in) operating activities	20,196	(89,650)
Net cash flows used in investing activities	(557)	–
Net cash flows (used in)/from financing activities	(26,804)	94,575

Notes to the Consolidated Financial Statements

For the year ended 31 March

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current asset			
Investments in subsidiaries	40	–	–
Current assets			
Other receivables		509	546
Amounts due from subsidiaries	(a)	503,059	432,612
Cash and cash equivalents		8,957	36,937
		512,525	470,095
Current liabilities			
Other payables and accruals		455	708
Amounts due to subsidiaries	(a)	29,815	–
		30,270	708
Net current assets		482,255	469,387
Net assets		482,255	469,387
EQUITY			
Share capital	33	49,461	47,848
Reserves	(b)	432,794	421,539
Total equity		482,255	469,387

Ng Yiu Chuen
Executive Director

Mak Kit Ping
Executive Director

Notes to the Consolidated Financial Statements

For the year ended 31 March

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

Notes:

(a) Amount due from/to subsidiaries

The amount due from/to subsidiaries were unsecured, interest bearing at prime rate and repayable on demand.

(b) Reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Special capital reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 31 March 2016	133,237	7,480	571,147	559,140	(890,266)	380,738
Profit for the year and total comprehensive income for the year	–	–	–	–	6,068	6,068
Transactions with owners:						
Share issued in respect of scrip dividends	1,304	–	–	–	–	1,304
Exercise of bonus warrants	38,182	–	–	–	–	38,182
Dividend recognized as distribution	–	–	–	(4,753)	–	(4,753)
Total transactions with owners	39,486	–	–	(4,753)	–	34,733
At 31 March 2017 and 1 April 2017	172,723	7,480	571,147	554,387	(884,198)	421,539
Profit for the year and total comprehensive income for the year	–	–	–	–	2,545	2,545
Transactions with owners:						
Exercise of bonus warrants	14,521	–	–	–	–	14,521
Dividend recognized as distribution	–	–	–	(5,811)	–	(5,811)
Total transactions with owners	14,521	–	–	(5,811)	–	8,710
At 31 March 2018	187,244	7,480	571,147	548,576	(881,653)	432,794

Notes to the Consolidated Financial Statements

For the year ended 31 March

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Bond payables HK$'000	Promissory note payables HK$'000	Borrowings HK$'000	Total HK$'000
1 April 2017	–	154,293	116,747	271,040
Cash flows:				
– Proceeds	2,000	88,652	40,799	131,451
– Repayments	–	(102,135)	(12,304)	(114,439)
31 March 2018	2,000	140,810	145,242	288,052

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group's financial instruments include financial assets at fair value through profit or loss, derivative financial instruments, loan receivables, accounts receivable, promissory note receivables, other receivables and deposits, client trust funds, pledged bank deposits, cash and cash equivalents, available-for-sale financial assets, accounts payable, promissory note payables, other payables and accruals, borrowings and bond payables. Details of the financial instruments are disclosed in the relevant notes. The risks associated with these financial instruments include market risks (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.

Notes to the Consolidated Financial Statements

For the year ended 31 March

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

43.1 Categories of financial instruments

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	2018 HK$'000	2017 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
– securities held for trading	**79,963**	76,688
Available-for-sale financial assets		
– available-for-sale financial assets	**73,279**	5,000
Derivative		
– derivative financial instruments	**5,306**	503
Loans and receivables		
– loan receivables	**248,452**	247,214
– accounts receivable	**58,770**	35,862
– promissory note receivables	**76,697**	31,087
– other receivables and deposits	**20,267**	20,124
– client trust funds	**109,056**	84,759
– pledged bank deposits	**6,310**	6,273
– cash and cash equivalents	**119,630**	176,260
	639,182	601,579
	797,730	683,770

Notes to the Consolidated Financial Statements

For the year ended 31 March

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

43.1 Categories of financial instruments *(Continued)*

	2018 HK$'000	2017 HK$'000
Financial liabilities		
Derivative		
– derivative financial instruments	5,306	–
Other financial liabilities at amortized cost		
– accounts payable	144,367	99,628
– other payables and accruals	8,549	12,611
– bond payables	2,000	–
– promissory note payables	140,810	154,293
– borrowings	145,242	116,747
	440,968	383,279
	446,274	383,279

Notes to the Consolidated Financial Statements

For the year ended 31 March

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

43.2 Market risk

(i) Currency risk

The Group's business activities and its assets and liabilities were mainly denominated in HK$, RMB, AUD, Euro, NTD, SGD and USD. 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.

USD is not the functional currency of the group entities. However, given that HK$ is pegged to USD, the Group does not expect any significant movements in the USD/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 USD/HK$ exchange rates and insignificant exposure of other foreign currencies in relation to client trust funds (note 24), pledge bank deposits (note 25), accounts payable (note 29) and cash and cash equivalents (note 26) at the end of the reporting period, except for RMB. Accordingly, the foreign currency sensitivity disclosed includes the analysis for RMB only.

	Sensitivity rate	Increase/ Decrease in profit or loss HK$'000	Increase/ Decrease in equity HK$'000
2018			
RMB	**5%**	**180**	**180**
2017			
RMB	5%	274	274

Notes to the Consolidated Financial Statements

For the year ended 31 March

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

43.2 Market risk *(Continued)*

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to client trust funds, cash and cash equivalents, accounts payable, borrowings which bears variable interest rates. The interest rate risk is managed by the directors of the Company on an ongoing basis with the primary objective of limiting extent to which interest expense could be affected by adverse movement in interest rates.

The sensitivity analysis below has been determined based on the exposure to interest rates for client trust funds, cash and cash equivalents, accounts payable and secured 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 (2017: 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 (2017:100) basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2018 would increase/decrease by HK$1,049,000 (2017: HK$646,000)

(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 fair value through profit or loss (note 22) as at 31 March 2018. The Group's listed investments are valued at quoted market prices at the reporting date. The Group's unlisted equity securities are determined based on the recent agreed transaction prices. 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 listed equity instruments classified as FVTPL had been 5% (2017: 5%) higher/lower, the post-tax profit for the year ended 31 March 2018 would increase/decrease by approximately HK$3,078,000 (2017: HK$3,202,000) for the Group as a result of the changes in fair value of financial assets classified as FVTPL.

Notes to the Consolidated Financial Statements

For the year ended 31 March

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

43.3 Credit risk

As at 31 March 2018, the Group's 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 recognized financial assets as stated in the consolidated statement of financial position.

In order to minimize 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 25% (2017: 15%) and 81% (2017: 46%) of the total accounts receivable was due from the Group's largest accounts receivable and the five largest accounts receivable respectively. The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 100% (2017: 100%) of the total accounts receivable as at 31 March 2018.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

43.4 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 borrowings, amounted to approximately HK$14,437,000 (2017: HK$15,210,000) with a contractual repayment terms maturing more than one year were classified as current liabilities as at 31 March 2018.

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 financial liabilities as at 31 March 2018 and 2017. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay.

The derivative financial liabilities are 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.

As at 31 March 2018	Interest rate	On demand/ within one year HK$'000	Within one to two years HK$'000	Over two years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Accounts payable		144,367	–	–	144,367	144,367
Other payables and accruals		8,549	–	–	8,549	8,549
Bond payables	8%	–	–	2,000	2,000	2,000
Promissory note payables	4%-8%	140,810	–	–	140,810	140,810
Borrowings*	2.75%-7.5%	145,242	–	–	145,242	145,242
		438,968	–	2,000	440,968	440,968
Derivative financial liabilities						
Derivative financial instruments		5,306	–	–	5,306	5,306

Notes to the Consolidated Financial Statements

For the year ended 31 March

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

43.4 Liquidity risk *(Continued)*

Liquidity tables *(Continued)*

As at 31 March 2017	Interest rate	On demand/ within one year HK$'000	Within one to two years HK$'000	Over two years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Accounts payable		99,628	–	–	99,628	99,628
Other payables and accruals		12,611	–	–	12,611	12,611
Promissory note payables	5%-8%	154,293	–	–	154,293	154,293
Borrowings*	2.5%-7.5%	116,747	–	–	116,747	116,747
		383,279	–	–	383,279	383,279

* 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".

43.5 Fair value measurements

Fair value measurements recognized in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured at the reporting date on a recurring basis, categorized into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurements. The level into which a fair value measurements is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:.

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).

Notes to the Consolidated Financial Statements

For the year ended 31 March

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

43.5 Fair value measurements *(Continued)*

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

As at 31 March 2018	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets				
Available-for-sale financial assets	–	–	72,499	72,499
Financial assets at fair value through profit or loss	79,963	–	–	79,963
Collar options	–	5,306	–	5,306
	79,963	5,306	72,499	157,768
Financial liabilities				
Collar options	–	5,306	–	5,306
As at 31 March 2017				
Financial assets				
Financial assets at fair value through profit or loss	76,688	–	–	76,688
Call options	–	503	–	503
	76,688	503	–	77,191

During the years ended 31 March 2018 and 2017, there were no transfers between Level 1, Level 2 and Level 3.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March

44. 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 maximize 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 2018 and 2017.

The capital structure of the Group consists of debts which included the borrowings, bond payables, and promissory notes, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital as disclosed in note 33 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 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 years ended 31 March 2018 and 2017.

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				
	2018 **HK$'000**	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000
Turnover	**248,614**	236,638	198,177	184,373	143,212
(Loss)/Profit before taxation	**(17,348)**	1,084	(5,763)	94,081	81,603
Income tax expense	**–**	–	–	–	–
(Loss)/Profit before non-controlling interests	**(17,348)**	1,084	(5,763)	94,081	81,603
Non-controlling interests	**(8,204)**	4,614	7,010	–	–
(Loss)/Profit attributable to the owners of the Company	**(25,552)**	5,698	1,247	94,081	81,603

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2018 **HK$'000**	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000
Total assets	**1,073,427**	1,048,973	804,170	737,601	566,170
Total liabilities	**(446,274)**	(450,090)	(245,422)	(216,324)	(157,466)
Non-controlling interests	**1,410**	11,174	6,560	(450)	–
	628,563	610,057	565,308	520,827	408,704

Details of 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
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
STYLAND HOLDINGS LIMITED
（股份代號 Stock Code: 0211）

香港九龍觀塘開源道六十一號
金米蘭中心二十八樓

28th Floor, Aitken Vanson Centre,
61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong

電話 Tel : (852) 2959 7200
傳真 Fax : (852) 2310 4824
電郵 Email : shareholder@styland.com

www.styland.com