STYLAND HOLDINGS LIMITED
大凌集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 211)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

The board of directors (the "Board") of Styland Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2011 (the "FY2011") together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March

	Note	**2011** *HK$'000*	2010 *HK$'000*
Turnover		**327,201**	277,147
Revenue	*3*	**86,655**	72,308
Cost of sales		**(45,059)**	(22,369)
Gross profit		**41,596**	49,939
• Other income		**6,966**	3,293
• Administrative expenses		**(28,284)**	(30,805)
• Selling and distribution expenses		**(227)**	(233)
• Change in fair value of investment properties		**8,500**	2,000
• Change in fair value of financial assets at fair value through profit or loss		**3,077**	107
• Gain on disposal of financial assets at fair value through profit or loss		**36,387**	31,286
• Gain on disposal of subsidiaries		**—**	11,129
• Impairment loss recognised in respect of available-for-sale investments		**(3,857)**	—
• Impairment loss recognised in respect of loan receivables		**(1,274)**	(812)
• Reversal of impairment loss recognised in respect of loan receivables		**2,612**	1,454
• Finance costs		**(182)**	(322)

* *For identification purpose only*

	Note	**2011**	2010
		HK$'000	*HK$'000*
Profit before tax	*4*	**65,314**	67,036
• Income tax expense	*5*	**(845)**	(1,376)
Profit for the year		**64,469**	65,660
Profit for the year attributable to:			
• Owners of the Company		**64,469**	66,418
• Non-controlling interests		**—**	(758)
		64,469	65,660
Dividend	*6*	**936**	5,239
Earnings per share	*7*		
• basic and diluted		**HK3.45 cents**	HK3.55 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March

	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**64,469**	65,660
Other comprehensive income (expenses):		
• Reclassification adjustments for the cumulative profit (loss) included in profit or loss upon disposal of available-for-sale investments	**12**	(3)
• Change in fair value of available-for-sale investments	**—**	(12)
Other comprehensive income (expenses) for the year	**12**	(15)
Total comprehensive income for the year	**64,481**	65,645
Total comprehensive income (expenses) attributable to:		
Owners of the Company	**64,481**	66,403
Non-controlling interests	**—**	(758)
	64,481	65,645

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	Notes	2011 HK$'000	2010 HK$'000 (Restated)	2009 HK$'000 (Restated)
Non-current assets				
• Plant and equipment		**2,751**	2,165	2,188
• Investment properties		**65,500**	57,000	78,000
• Promissory note receivable		**—**	40,391	—
• Loan receivables	8	**3,885**	—	—
• Available-for-sale investments		**—**	14,034	230
		72,136	113,590	80,418
Current assets				
• Inventories		**1,611**	344	156
• Promissory note receivable		**45,292**	—	—
• Loan receivables	8	**29,193**	31,485	17,639
• Trade and bills receivables		**9,292**	11,414	8,797
• Other receivables, deposits and prepayments		**5,590**	2,223	5,477
• Financial assets at fair value through profit or loss		**34,751**	6,377	4,973
• Tax recoverable		**1,152**	—	114
• Client trust funds		**134,816**	229,996	15,446
• Pledged bank deposit		**5,000**	5,000	5,000
• Bank balances and cash		**100,043**	77,776	25,507
		366,740	364,615	83,109
Interest in a joint venture held-for-sale		**—**	—	178,080
Current liabilities				
• Trade and bills payables	9	**148,732**	239,134	18,143
• Other payables and accruals		**11,427**	20,989	122,196
• Dividend payables		**325**	1,294	—
• Tax liabilities		**956**	1,365	1,334
• Bank borrowings — due within one year	10	**6,900**	8,100	18,811
• Obligations under finance leases — due within one year		**87**	83	78
		168,427	270,965	160,562
Net current assets		**198,313**	93,650	100,627
Total assets less current liabilities		**270,449**	207,240	181,045

	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Non-current liabilities			
• Obligations under finance leases — due after one year	**99**	186	269
Net assets	**270,350**	207,054	180,776
Capital and reserves			
• Share capital	**18,712**	18,712	18,712
• Reserves	**251,638**	188,342	123,233
Equity attributable to owners of the Company	**270,350**	207,054	141,945
• Non-controlling interests	**—**	—	38,831
Total equity	**270,350**	207,054	180,776

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (the "Stock Exchange") (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
Hong Kong Accounting Standard ("HKAS") 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
Hong Kong-Interpretation ("Int") 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Hong Kong (International Financial Reporting Interpretations Committee) ("HK(IFRIC)")-Int 17	Distributions of Non-cash Assets to Owners

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKFRS 3 (Revised) Business Combinations and HKAS 27 (Revised) Consolidated and Separate Financial Statements

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

In respect of the disposal of 90% equity interest in Onland Investment Limited ("Onland") and entire interest in City Faith Investments Limited ("City Faith") during the year ended 31 March 2010, the directors of the Company considered that the application of HKAS 27 (Revised) had no material impact on the consolidated financial statements of the Group for the prior accounting periods.

As there was no transaction during the current year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods, may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

HK-Int 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HK-Int 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK-Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK-Int 5 for the first time in the current year. HK-Int 5 requires retrospective application.

In order to comply with the requirements set out in HK-Int 5, the Group has changed its accounting policy on classification of bank borrowings that contain a repayment on demand clause. In the past, the classification of such bank borrowings were determined based on the agreed repayment schedule dates set out in the loan agreements. Under the new HK-Int 5, bank borrowings with clause which give the lender the unconditional right to call the loans at any time are classified as current liabilities in the consolidated statement of financial position.

As a result, bank borrowings that contain a repayment on demand clause with the aggregate carrying amount of approximately HK$6,900,000 and HK$11,936,000 have been reclassified from non-current liabilities to current liabilities as at 31 March 2010 and 1 April 2009 respectively. As at 31 March 2011, a bank borrowing (that is repayable more than one year after the end of the reporting period but contains a repayment on demand clause) with the aggregate carrying amount of approximately HK$5,700,000 have been classified as current liabilities. The application of HK-Int 5 has had no impact on the reported profit or loss, total comprehensive income and equity for the current and prior years.

Such bank borrowings that contain a repayment on demand clause have been presented in the earliest time band in the maturity analysis for financial liabilities.

New and revised standards, amendments and interpretations issued but not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised), HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 1 (Amendment)	Service Hyperinflation and Removal of Fixed Dates for First-time Adopters [4]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets [4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements [6]
HKFRS 11	Joint Arrangements [6]
HKFRS 12	Disclosure of Interest in Other Entities [6]
HKFRS 13	Fair Value Measurement [6]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets [5]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (Revised)	Separate Financial Statements [6]
HKAS 28 (Revised)	Investments in Associates and Joint Ventures [6]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 January 2011.
4 Effective for annual periods beginning on or after 1 July 2011.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 13 Fair Value Measurement improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The directors of the Company anticipate that the application of HKFRS 13 Fair Value Measurement will not have a significant impact on the results and the financial position of the Group.

The amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors of the Company anticipate that the application of the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets will not have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model.

HKAS 24 Related Party Disclosures (Revised) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (Revised) do not affect the Group because the Group is not a government-related entity.

The directors of the Company anticipate that the application of other new and revise standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENTAL INFORMATION

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31 March 2011

	Securities dealing and broking services *HK$'000*	Financing *HK$'000*	General import and export trading *HK$'000*	Trading of securities *HK$'000*	Property redevelopment and investment *HK$'000*	Strategic investments *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue:								
External sales	**36,337**	**4,810**	**45,410**	**98**	**—**	**—**	**—**	**86,655**
Inter-segment sales	**964**	**65**	**—**	**—**	**—**	**—**	**(1,029)**	**—**
	37,301	**4,875**	**45,410**	**98**	**—**	**—**	**(1,029)**	**86,655**
Segment profit	**19,615**	**7,484**	**4,896**	**39,604**	**8,072**	**905**	**—**	**80,576**
Unallocated income and expenses								**(15,262)**
Profit before tax								**65,314**

For the year ended 31 March 2010

	Securities dealing and broking services *HK$'000*	Financing *HK$'000*	General import and export trading *HK$'000*	Trading of securities *HK$'000*	Property redevelopment and investment *HK$'000*	Strategic investments *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue:								
External sales	51,236	4,434	16,338	300	—	—	—	72,308
Inter-segment sales	584	158	—	—	—	—	(742)	—
	51,820	4,592	16,338	300	—	—	(742)	72,308
Segment profit (loss)	35,284	3,806	(204)	31,695	4,229	4,915	—	79,725
Unallocated income and expenses								(12,689)
Profit before tax								67,036

Segment assets and liabilities

The segment assets and liabilities at 31 March 2011 by reportable segment are as follows:

	Securities dealing and broking services *HK$'000*	Financing *HK$'000*	General import and export trading *HK$'000*	Trading of securities *HK$'000*	Property redevelopment and investment *HK$'000*	Strategic investments *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Segment assets	**160,213**	**11,447**	**7,913**	**38,627**	**65,983**	**45,292**	**109,401**	**438,876**
Segment liabilities	**148,744**	**305**	**2,795**	**5**	**193**	**12**	**16,472**	**168,526**

The segment assets and liabilities at 31 March 2010 by reportable segment are as follows:

	Securities dealing and broking services *HK$'000*	Financing *HK$'000*	General import and export trading *HK$'000*	Trading of securities *HK$'000*	Property redevelopment and investment *HK$'000*	Strategic investments *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Segment assets	260,982	1,516	8,298	20,429	57,036	44,259	85,685	478,205
Segment liabilities	249,968	138	1,407	300	1	18	19,319	271,151

Other segment information

For the year ended 31 March 2011:

	Securities dealing and broking services *HK$'000*	Financing *HK$'000*	General import and export trading *HK$'000*	Trading of securities *HK$'000*	Property redevelopment and investment *HK$'000*	Strategic investments *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Change in fair value of investment properties	—	—	—	—	8,500	—	—	8,500
Change in fair value of financial assets at fair value through profit or loss	—	—	—	3,077	—	—	—	3,077
Gain on disposal of financial assets at fair value through profit or loss	—	—	—	36,387	—	—	—	36,387
Impairment loss recognised in respect of trade receivables	—	—	(7)	—	—	—	—	(7)
Reversal of impairment loss recognised in respect of trade receivables	—	—	21	—	—	—	—	21
Impairment loss recognised in respect of available-for-sale investments	—	—	—	—	—	(3,857)	—	(3,857)
Impairment loss recognised in respect of loan receivables	(11)	(1,263)	—	—	—	—	—	(1,274)
Reversal of impairment loss recognised in respect of loan receivables	2,351	261	—	—	—	—	—	2,612
Bad debt recovery from loan receivables	—	96	—	—	—	—	—	96
Depreciation	(211)	(1)	—	—	(38)	—	(371)	(621)
Gain on disposals of plant and equipment	—	—	—	—	—	—	105	105
Addition to non-current assets *(Note)*	279	24	—	—	361	—	1,047	1,711
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:								
Interest income	8	1	544	—	—	4,901	8	5,462
Finance costs	—	—	—	—	(169)	—	(13)	(182)
Income tax expense	(853)	—	—	—	(31)	39	—	(845)

Note: Non-current assets excluded financial instruments including promissory note receivable, loan receivables and available-for-sale investments.

For the year ended 31 March 2010:

	Securities dealing and broking services HK$'000	Financing HK$'000	General import and export trading HK$'000	Trading of securities HK$'000	Property redevelopment and investment HK$'000	Strategic investments HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets:								
Change in fair value of investment properties	—	—	—	—	2,000	—	—	2,000
Change in fair value of financial assets at fair value through profit or loss	—	—	—	107	—	—	—	107
Gain on disposal of financial assets at fair value through profit or loss	—	—	—	31,286	—	—	—	31,286
Impairment loss recognised in respect of trade receivables	—	—	(239)	—	—	—	—	(239)
Reversal of impairment loss recognised in respect of trade receivables	—	—	25	—	—	—	—	25
Impairment loss recognised in respect of loan receivables	(320)	(492)	—	—	—	—	—	(812)
Reversal of impairment loss recognised in respect of loan receivables	1,213	241	—	—	—	—	—	1,454
Bad debt recovery from loan receivables	—	110	—	—	—	—	—	110
Gain on disposal of subsidiaries	—	—	—	—	2,717	8,412	—	11,129
Depreciation	(117)	—	—	—	(1)	—	(388)	(506)
Loss on disposal of plant and equipment	—	—	(14)	—	—	—	(14)	(28)
Reversal of allowance for inventories	—	—	53	—	—	—	—	53
Addition to non-current assets *(Note)*	22	—	—	—	—	—	619	641
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:								
Interest income	122	—	344	—	—	—	22	488
Finance costs	—	—	(29)	—	(277)	—	(16)	(322)
Income tax expense	(1,376)	—	—	—	—	—	—	(1,376)

Note: Non-current assets excluded financial instruments including promissory note receivable and available-for-sale investments.

4. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	2011	2010
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration):		
— Salaries, allowances and other benefits	**14,196**	12,653
— Retirement benefit scheme contributions	**513**	570
	14,709	13,223
Auditor's remuneration	**680**	680
Depreciation	**621**	506
Loss on disposal of plant and equipment	**—**	28
Lease payments under operating leases for rented premises	**1,734**	1,457
Impairment loss recognised in respect of trade receivables	**7**	239
Cost of inventories recognised as an expense	**40,521**	15,979
Reversal of inventories (included in cost of sales)	**—**	(53)

5. INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Current year	**884**	1,400
Overprovision in prior years	**(39)**	(24)
	845	1,376

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

6. DIVIDEND

	2011	2010
	HK$'000	*HK$'000*
Proposed interim dividend	**936**	2,994
Proposed final dividend	**—**	2,245
	936	5,239

Interim Dividend for 2011

On 22 November 2010, the Board resolved to propose an interim cash dividend of HK0.05 cent per share with a scrip alternative to offer the right to shareholders to elect to receive such interim dividend wholly or partly by allotment and issue of scrip shares credited as fully paid in lieu of cash dividend (the "2011 Interim Dividend").

On 22 November 2010, the Board also proposed a new bonus issue of shares to its shareholders, pursuant to which bonus shares will be issued to shareholders on the basis of 1 bonus share for every 20 shares held by the shareholders (the "2011 Bonus Issue Proposal").

Both the 2011 Interim Dividend and the 2011 Bonus Issue Proposal are conditional on (i) the approval of shareholders at a special general meeting of the Company; (ii) the grant of the listing approval by the Stock Exchange for the listing of, and permission to deal in, the scrip shares and bonus shares to be issued thereof; and (iii) the resumption of trading in the shares of the Company.

The 2011 Interim Dividend and the 2011 Bonus Issue Proposal were approved by shareholders in the special general meeting of the Company held on 15 April 2011. However, as the conditions (ii) and (iii) have not been fulfilled up to the date of approval of these consolidated financial statements, the 2011 Interim Dividend (excluding the cash payment) and the 2011 Bonus Issue Proposal could not be proceeded. The cash payment, either wholly or partly, for the 2011 Interim Dividend was not subject to resumption of trading in shares of the Company. An amount of approximately HK$325,000 was paid to shareholders who elected to receive cash for the 2011 Interim Dividend.

Final Dividend for 2010

On 19 July 2010, the Board resolved to propose a final cash dividend of HK0.12 cent per share with a scrip alternative to offer the right to shareholders to elect to receive such final dividend wholly or partly by allotment and issue of scrip shares credited as fully paid in lieu of cash dividend (the “2010 Final Dividend”).

On 19 July 2010, the Board also proposed a bonus issue of shares to its shareholders, pursuant to which bonus shares will be issued to shareholders on the basis of 1 bonus share for every 10 shares held by the shareholders (the “2010 Bonus Issue Proposal II”).

Both the 2010 Final Dividend and the 2010 Bonus Issue Proposal II are conditional on (i) the approval of shareholders at the annual general meeting of the Company; and (ii) the grant of the listing approval by the Stock Exchange for the listing of, and permission to deal in, the scrip shares and bonus shares to be issued thereof.

The 2010 Final Dividend and the 2010 Bonus Issue Proposal II were approved by shareholders in the annual general meeting of the Company held on 29 September 2010. However, as the condition (ii) has not been fulfilled up to the date of approval of these consolidated financial statements, the 2010 Final Dividend (excluding the cash payment) and the 2010 Bonus Issue Proposal II could not be proceeded. The cash payment, either wholly or partly, for the 2010 Final Dividend was not subject to resumption of trading in shares of the Company. An amount of approximately HK$860,000 was paid to shareholders who elected to receive cash for the 2010 Final Dividend.

Interim Dividend for 2010

On 27 November 2009, the Board resolved to propose an interim cash dividend of HK0.16 cent per share with a scrip alternative to offer the right to shareholders to elect to receive such interim dividend wholly or partly by allotment and issue of scrip shares credited as fully paid in lieu of cash dividend (the “2010 Interim Dividend”).

On 27 November 2009, the Board also proposed bonus issue of shares to its shareholders, pursuant to which bonus shares will be issued to shareholders on the basis of 1 bonus share for every 10 shares held by the shareholders (the “2010 Bonus Issue Proposal I”).

Both the 2010 Interim Dividend and the 2010 Bonus Issue Proposal I are conditional on (i) the approval of shareholders at a special general meeting of the Company; (ii) the grant of the listing approval by the Stock Exchange for the listing of, and permission to deal in, the scrip shares and bonus shares to be issued thereof; and (iii) the resumption of trading in shares of the Company.

The 2010 Interim Dividend and the 2010 Bonus Issue Proposal I were approved by shareholders in the special general meeting of the Company held on 30 March 2010. However, as the conditions (ii) and (iii) have not been fulfilled up to the date of approval of these consolidated financial statements, both the 2010 Interim Dividend (excluding the cash payment) and the 2010 Bonus Issue Proposal I could not be proceeded. The cash payment, either wholly or partly, for the 2010 Interim Dividend was not subject to resumption of trading in shares of the Company. An amount of approximately HK$l,294,000 was paid to shareholders who elected to receive cash for the 2010 Interim Dividend.

Interim Dividend for 2009

On 19 December 2008, the Board resolved to propose an interim scrip dividend of HK0.18 cent per share wholly in the form of an allotment and issue of scrip shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment (the "2009 Interim Dividend").

The 2009 Interim Dividend is subject to (i) the approval of shareholders at a special general meeting of the Company; and (ii) the grant of the listing approval by the Stock Exchange for the listing of, and permission to deal in, the scrip shares to be issued thereof.

The 2009 Interim Dividend was approved by shareholders in the special general meeting of the Company held on 18 August 2009. However, as the condition (ii) has not been fulfilled up to the date of approval of these consolidated financial statements, the 2009 Interim Dividend could not be proceeded.

7. EARNINGS PER SHARE

The calculation of basic earnings per share for the year is based on the profit for the year attributable to owners of the Company of approximately HK$64,469,000 (2010: HK$66,418,000) and the weighted average number of 1,871,188,679 (2010: 1,871,188,679) ordinary shares in issue during the year.

The basic and diluted earnings per share are the same for the years ended 31 March 2011 and 2010 as there were no potential ordinary shares outstanding for both years.

8. LOAN RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Securities dealing and broking services:		
— secured margin loans *(Note 1)*	**28,224**	38,749
Less: Impairment loss recognised	**(6,355)**	(8,695)
	21,869	30,054
Financing business:		
— unsecured loans	**8,187**	8,638
— secured mortgage loans *(Note 2)*	**10,880**	—
Less: Impairment loss recognised	**(7,858)**	(7,207)
	11,209	1,431
The Group's loan receivables (net of impairment loss) are analysed into:		
— Non-current assets	**3,885**	—
— Current assets	**29,193**	31,485
	33,078	31,485

Notes:

1. Secured loans to margin clients are secured by the underlying pledged securities and are interest-bearing. No aged analysis is disclosed as, in the opinion of the directors, an aged analysis does not give additional value in view of the nature of the business of securities dealing and broking services.

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

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

	2011	2010
	HK$'000	*HK$'000*
Within 6 months	**11,008**	197
7 to 12 months	**201**	698
Over 1 year	**—**	536
	11,209	1,431

9. TRADE AND BILLS PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**148,509**	239,134
Bill payables	**223**	—
	148,732	239,134

	2011	2010
	HK$'000	*HK$'000*
Balances in relation to:		
— securities dealing and broking services *(Note)*	**145,986**	237,742
— general trading and others	**2,746**	1,392
	148,732	239,134

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

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

	2011	2010
	HK$'000	*HK$'000*
Within 6 months	**2,343**	884
7 to 12 months	**1**	24
Over 1 year	**402**	484
	2,746	1,392

10. BANK BORROWINGS

	31/3/2011	31/3/2010	1/4/2009
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Secured bank borrowings comprise:			
— Loans *(Note (a))*	**6,900**	8,100	13,832
— Overdrafts *(Note (b))*	**—**	—	4,979
	6,900	8,100	18,811
Bank borrowings are repayable:			
— Within one year	**1,200**	1,200	6,875
— Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause	**5,700**	6,900	11,936
Amounts due within one year shown under current liabilities	**6,900**	8,100	18,811

Notes:

(a) As at 31 March 2011, 2010 and 2009, the amount is secured by investment properties of the Group with aggregate net carrying value of approximately HK$65,500,000 (2010: HK$57,000,000, 2009: HK$78,000,000). For the three years ended 31 March 2011, 2010 and 2009, the floating-rate bank loans are carrying interest at the prime rate for Hong Kong Dollars as quoted by the Bank of China minus 2.75%, and their effective interest rate is 2.25% (2010 and 2009: 2.25–2.5%) per annum.

(b) As at 1 April 2009, the amount is secured by pledged bank deposit of the Group with aggregate net carrying value of approximately HK$5,000,000. For the year ended 31 March 2009, the floating-rate bank overdrafts are carrying interest at 1% plus the interest rate of the pledged bank deposit, and their effective interest rates ranging from 1.04%–4.79% per annum.

11. PETITION

As more fully detailed in the Company's announcement dated 11 September 2008 and a supplemental circular dated 9 April 2009, it has been disclosed that the Company, as one of the defendants, and certain of its former directors have been served a petition (the "Petition") by the Securities and Futures Commission in relation to certain past transactions of the Group. The Petition was first heard on 17 December 2008. After the submission of affirmations by the defendants, the hearing was restored on 16 December 2009 for directions. The second hearing for the Petition was heard in mid January 2011. The directors of the Company consider that the case does not have significant financial and operating impact to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Results

In FY2011, the Group's total turnover was approximately HK$327,201,000, representing an increase of 18% compared to approximately HK$277,147,000 in financial year 2010 ("FY2010"). The Group's consolidated profits for FY2011 was HK$64,469,000 which was the second best consolidated profits result as compared to its record high of approximately HK$65,660,000 in FY2010.

Review of Operations

Brokerage Business:

- *Securities Broking*

  In FY2011, Hong Kong continued to show strong momentum in its economic development and financial market. However, the debt crisis in the European and US markets created a risk-adverse atmosphere in the market which made investors more cautious about investing in the stock market. As a result, the Group's total dollar value of share transactions for FY2011 was lower than the same corresponding period in FY2010.

  In FY2011, the Group had managed a total transactions value of HK$9.0 billion which involved 47,728 transactions for its securities brokerage business. To enlarge its client base and strategically position the Ever-Long brand as a reputable brokerage firm, the Group continued its efforts in carrying out marketing activities. The marketing activities had a positive effect on the Group's business as the total number of the Group's brokerage clients in FY2011, when compared to same corresponding period in FY2010, had increased by 4.0%.

  To cope with the rapidly growing business, the Group expanded its trading floor area in FY2011. Due to this expansion, not only was the Group's capability for further business development enhanced, clients also had a more comfortable environment for accessing real time market information. The Group believes that this strategy will contribute to the future growth of its securities broking segment.

  The Group has four responsible officers registered under the Securities and Futures Ordinance (the "SFO") who closely monitor the brokerage operation's compliance with the SFO. To boast such efficient internal controls system, the Group has maintained a good track record of zero complaints from clients for its operation over the years.

- *Corporate Finance:*

  In 2010, global capital market activities were booming and Hong Kong was again top ranked in terms of funds raised during the year. To ride on such positive market sentiment, the Group continued to focus on small cap corporate finance activities by acting as placing agent and underwriter for its corporate clients.

  In FY2011, the Group participated in seventeen engagements as a placing agent or an underwriter for the issuance of new shares for listed companies, out of which six were relating to initial public offerings ("IPOs"). Ever-Long Securities Company Limited the Group's wholly-owned subsidiary has a great reputation for being a quality corporate finance service provider. The Group has achieved good profits from the corporate finance line of business.

  Backed by the mainland, it was generally expected that the capital market in Hong Kong be vigorous in 2011. To take advantage of the established business connections and extensive corporate finance experience of the Group, and to capitalize on the sound financial position of its clients, the Group expects the corporate finance division to continue to contribute positive results to the Group and become one of its major sources of income.

Financing Business:

- *Margin Financing*

  In light of exceptionally low interest rates in the market and the Group's ever-increasing cash and bank balances, which amounted to approximately HK$100,043,000 as at 31 March 2011, the Group was in a great extent to offer its clients margin financing. Margin financing provides clients greater flexibility in securities dealings. By leveraging this strength, the Group expects that brokerage commissions may also increase in the future.

  The Group updates its operation manual from time to time to make sure that it is current in order to clearly communicate its operational guidelines to its frontline account executives. To ensure compliance of the relevant ordinances by employees, other than requiring them to attend public seminars, the Group also put on an internal seminar for relevant employees to update them on a new ordinance that relates to the Group's business. A speaker that has extensive knowledge in the subject had been invited to talk about the ordinance.

  In addition to the provision of margin financing for trading of listed securities, the Group also actively participated in IPO financing. To take advantage of the prevailing low interest rates for its business development, the Group usually utilized banking facilities to finance its clients' IPO financing deals. Given the short offering period of IPOs and the usual low proportion of shares that are allotted to applicants, the Group considered that risk for bad debts provision for its IPOs financing is low. As a marketing tactic to attract new clients, the Group usually offered very competitive interest rates to its IPO financing clients.

- *Mortgage Loans*

  Due to the mature Hong Kong property market, the demand for mortgage loans increased substantially. To capture such business opportunity and to diversify its revenue sources, the Group had, in FY2011, implemented its strategic plan by offering its customers tailor made loan schemes. The Group considered that the provision of mortgage financing to customers gave the Group an opportunity to obtain a higher return for its surplus funds under the current low interest rate environment.

  All grants of mortgage loans were assessed by the newly established team which is supervised by Mr. Ng Yiu Chuen, an executive director of the Company, who has extensive experience in the money lending business and was previously employed at well known international companies including GE Capital (Hong Kong) Limited and American Express Bank Limited. According to the Group's strict credit controls which require all loans to be secured by way of pledged properties, the values of which were confirmed by independent valuers, the Group believes that the doubtful debts provision for the mortgage loan business will be maintained at a low level. It is expected that the division of mortgage financing will generate satisfactory revenue for the Group in the future.

Trading Business:

The Group's trading business mainly included food products and electricity accessories. Over the past years, this business segment faced intense competition from the marketplace. Given this scenario, the Group has been continuously streamlining its operation flows and adopting effective cost management measures to improve its competitive edge in its trading business.

The Group attaches importance on the credit control for its general trading business. Sales reports and aging reports were closely reviewed by management. Once there is any doubt on the recoverability of receivables, prompt action will be taken, without hesitation, to recover the overdue balance. Due to such tight credit control, the Group is pleased that bad debts provision is slight.

Property Redevelopment Business:

Residential property prices in Hong Kong, in particular, the prices of luxury properties, had continued to rise significantly in FY2011. The Group is currently holding a premium property which is located in the high grade lot section of Fei Ngo Shan Road, Hong Kong and has a gross site area of approximately 17,000 square feet. The book value of the property was HK$65,500,000 at 31 March 2011.

According to the valuation report of an independent valuer, the value of this dignitary property may reach HK$90,000,000 on a redevelopment basis, which is HK$24,500,000 higher than its book value at 31 March 2011. To maximize the value of this property, the Group plans to redevelop it into a higher quality property. An architect has been engaged to advise the Group on the redevelopment plans. The Group intends to finance the redevelopment with its internal resources or construction loans to be granted by banks.

Prospects

To combat the financial crisis of 2008, the US Federal Reserve used quantitative easing as a monetary policy tool to boost the US economy. After the first and second rounds of quantitative easing, the US economy is finally showing signs of a recovery. Due to these and other improvements in the US economy since the start of quantitative easing, the Fed will end its quantitative easing measures at the end of June 2011. Nevertheless, the United States will keep reinvesting proceeds of maturing mortgage debt into the market and retain the exceptionally low interest rate policy for a long period of time.

Due to such policy, interest rates in Hong Kong have remained low and are expected to stay low for an extended period of time. That is a positive factor for our business as the low interest rates in the territory has made borrowing money more attractive and easier for Hong Kong consumers and businesses. In the Group's money lending business division, we expect to record growth in the financial year ended 31 March 2012 ("FY2012") as the demand for both corporate and consumer loans have increased substantially.

In our corporate finance division, with the improved liquidity in the market, the abundance of new IPO listings from the mainland companies, coupled with the strong demand for corporate financing by the listed companies, we believe our corporate finance division will continue to contribute good profits to the Group in FY2012.

Looking ahead into FY2012, we see bright prospects in the horizon for our financial services core business. The reason is three-fold. Firstly, the low interest rate environment is expected to boost our brokerage and its related businesses. Secondly, with China's unwavering economic growth, and the growing demand for renminbi-denominated investment products such as renminbi-denominated IPOs, we see new opportunities in our financial services sector. With the Group's facilities in place for renminbi-denominated products, such as renminbi-denominated bank accounts, settlement system for renminbi-denominated products and the arrangement in place for margin financing for renminbi-denominated products, we believe we are well-positioned to grow our business in the renminbi-denominated financial market. Lastly, with our strong cash position, as shown by the new high in our cash position on 31 March 2011 since 2004, that provides us further ammunition for expanding and growing our financial services core business well into and beyond FY2012.

The road ahead is a prosperous one for the Group. With Hong Kong being a key constituent of China, the Chinese Central Government has clearly emphasized in its Twelfth Five-Year Plan its aim to develop Hong Kong as a center of international finance. With this plan in place, coupled with our extensive experience and industry know-how in financial services, the Group is poised to generate strong growth in the future for the Group and its stakeholders.

Capital Structure

Trading in the shares of the Company has been suspended between the period from April 2004 up to the date of this annual report; However, the Group is still able to boost its operating results and attract the support and recognition of the investing public that have respectively subscribed for the share options, convertible bonds and new shares of the Company.

On 7 June 2007, the Company entered into an option agreement to issue 370,000,000 options (the "Options") to an independent third party at the exercise price of HK$0.024 per share (unadjusted). The exercisable period is 18 months commencing from the date of fulfilment of conditions precedent set out in the option agreement. The long stop date for fulfillment of such conditions precedent has been extended to 30 June 2011. Exercise in full of the Options would result in the issue of 370,000,000 additional shares with an aggregate subscription value of HK$8,880,000. The new shares to be issued are ranked pari passu with the existing shares of the Company. The Company will make an announcement for the further extension of the long stop date.

On 9 July 2007, the Company entered into eight subscription agreements in respect of the issue of convertible bonds in the aggregate principal amount of HK$9,880,000 due 2012. The convertible bonds do not carry any interest. Each of the subscribers will have the right to convert the convertible bonds into shares of the Company at the price of HK$0.026 per share (unadjusted). Any outstanding convertible bonds shall be redeemed on the date falling on the fifth anniversary of the date of issue of the convertible bonds. Completion of the subscription agreements is subject to the fulfillment of the conditions precedent as set out in the subscription agreements. The long stop date for fulfillment of such conditions precedent has been extended to 30 June 2011. The Company will make an announcement for the further extension of the long stop date.

On 15 November 2007, the Company entered into eight subscription agreements to issue 600,000,000 shares of the Company at the price of HK$0.08 per share (unadjusted) which involves the total subscription amount of HK$48,000,000. Subsequently, five of the subscribers mutually agreed with the Company to release each other from the respective subscription agreements to subscribe for an aggregate of 300,000,000 subscription shares. The long stop date of fulfillment of conditions precedent to the completion of the remaining 300,000,000 shares has been extended to 30 June 2011. The Company will make an announcement for the further extension of the long stop date.

CORPORATE SOCIAL RESPONSIBILITY

Caring for Employees' Development

As at 31 March 2011, the Group had 53 employees. In general, remuneration packages are structured with reference to prevailing market practice and individual merits. To take good care of its staff and to fulfill its corporate social responsibilities, the Group maintains certain staff benefit plans including medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

Inflation had returned in FY2011. To make things easier for the staff and to reward them for their contribution to the Group's good results, the Group had, after a salary review, resolved to provide salary increments to its employees at an average rate that is higher than the inflation rate with effect from April 2011 onwards. After the introduction of the minimum wage ordinance in May 2011, the Group decided to allow their employees paid meal hours and days off even though it is not required by the ordinance.

To enhance employees' job performance, the Group not only provides on-the-job training to its employees, but also sponsors them for their continued learning. In FY2011, the Group launched a new Sponsorship Scheme, pursuant to which each employee is entitled to an annual sponsorship of HK$10,000 for their continued education.

Occupational Health and Environmental Protection

The Management of the Group recognizes the importance of employees' health and truly cares about their health and safety including their mental health. To provide employees a comfortable workplace, the office has been upgraded and decorated to look beautiful with plants, books, paintings and works of art.

To ease work pressure, the Group organizes monthly or bi-monthly staff gatherings for its employees. Also, to promote family harmony, the staff's family members are invited to take part in parties organized by the Group during major festivals, in which children are given gifts or toys. In FY2011, the Group organized a trip for all its employees which was free of charge for them and half price for their family members. As the trip was well accepted by the staff and their family members, the Group is now organizing another trip for its staff and their family members in August 2011. The Group believes that it can enhance its employees' sense of belonging and their work-life balance by holding these staff gatherings. The Group also believes that through these gatherings, its employees can gain recognition and support from their family members towards their work.

The Group supports the government's call for environmental protection by reducing carbon emission. This year, the Group had, for the first time, participated in WWF Hong Kong's Earth Hour activity by switching off lights for one hour on a certain day of the year. To fulfill its responsibilities to society and benefit the public, the Group continues to promote the awareness of environmental conservation in the workplace by reducing waste and saving energy. To build up the "green office" concept, the Group has adopted the tips provided by CLP and had posted them at the offices for the attention of the employees to teach them about environmental protection.

Giving to the Community

ORBIS Pin Campaign

In FY2011, the Group continued its support to ORBIS by participating in the ORBIS Pin Campaign to provide hope for millions of blind people around the world. The Group also encouraged its staff to make donations and recruit sponsors. The Company is pleased that the total number of participating staff and sponsors increased by 39% in FY2011 as compared to FY2010. The total amount of funds raised also increased by 40% in FY2011 over the previous year. The funds raised were sent to ORBIS on 10 September 2010.

Donations to Victims of the Japan Earthquake

The Group had continued its spirit of giving to the community by providing aid for disaster relief whenever there is a real need for it. In FY2011, the Group made donations to support the rescue and relief work in Qinghai, the PRC. In the wake of the largest 9-magnitude earthquake in Japan, the Group also encouraged its employees to give donations to help victims rebuild their homes. The donations received from employees and business partners were paid to "Hong Kong Red Cross" on 25 March 2011. In addition, the Group bought its employees beverages at Starbucks to support STARBUCKS Hong Kong's appeal to help Japan in earthquake relief work, pursuant to which all beverage sales proceeds in Hong Kong by STARBUCKS within a certain period of time would be donated to the "Japan Earthquake Relief" of World Vision Hong Kong towards Japan rehabilitation, Through such donation activity, the Group would on one hand promote harmony in the workplace, and on the other hand, help people in need.

FINANCIAL REVIEW

As at 31 March 2011, the Group had cash at bank and in hand totaled approximately HK$100,043,000 (2010: HK$77,776,000) and net assets value of approximately HK$270,350,000 (2010: HK$207,054,000).

Bank borrowings and financial leases as at 31 March 2011 amounted to HK$7,086,000 (2010: HK$8,369,000), of which HK$1,287,000 (2010: HK$1,283,000) were repayable within one year. However, according to the loan agreement of the Group, the bank reserves its right, exercisable at any time and at its absolute discretion, to call for repayment on demand, the Group has therefore reclassified the long term portion of the bank loan amounting to HK$5,700,000 as current liability to comply with the new accounting standard. The gearing ratio, being the ratio of total bank borrowings and financial lease of approximately HK$7,086,000 to shareholders' fund of approximately HK$270,350,000, was about 0.03 (2010: 0.04).

As at 31 March 2011, a time deposit of HK$5,000,000 and an investment property at a valuation of HK$65,500,000 were pledged to secure the banking facilities granted to the Group.

INVESTMENTS IN FINANCIAL ASSETS

Disposal of Subordinated Notes Issued by BOC (HK)

In FY2011, the Group realized profits generated from its investment in the subordinated notes (the "Subordinated Notes") issued by Bank of China (Hong Kong) Limited ("BOC (HK)"), a wholly-owned subsidiary of BOC Hong Kong (Holdings) Limited, the shares of which are listed on the Stock Exchange under the 2388 stock code. The price for such disposal was US$1,338,820 (equivalent to approximately HK$10,442,796). The Group received a total of US$1,374,163 (equivalent to approximately HK$10,718,471) inclusive of the accumulated interests of US$35,343 (equivalent to approximately HK$275,675). The profit, including the value increment and accumulated interests, represented a return of 5.3% for approximately 6 months, which was much higher than the interest rate of fixed deposits at a well recognised financial institution in Hong Kong. For more details about the disposal of the Subordinated Notes, please refer to the Company's announcement dated 4 August 2010.

Acquisition of Perpetual Capital Securities Issued by Hutchison Whampoa

With the experience of such successful investment, the Group, on 22 October 2010, further acquired the perpetual capital securities (the "Perpetual Capital Securities") issued by Hutchison Whampoa International (10) Limited ("Hutchison Whampoa") and guaranteed on a subordinated basis by Hutchison Whampoa Limited, whose shares are listed on the Stock Exchange under the 13 stock code. The Perpetual Capital Securities were acquired by the Group at a total consideration of US$1,301,950 (equivalent to approximately HK$10,155,210). On 25 March 2011, the Group disposed of the Perpetual Capital Securities at the consideration of US$1,310,400 (equivalent to approximately HK$10,221,120). Inclusive of the accrued interests, the Group received a total of US$1,343,333 (equivalent to approximately HK$10,477,997), representing a return of 3.2% for less than half a year, which was also higher than the interest rate of a fixed deposit of the same period from a well recognised financial institution in Hong Kong. For more details the acquisition and disposal of the Perpetual Capital Securities, please refer to the Company's announcements of 27 October 2010 and 28 March 2011 respectively.

Both the investments in the Subordinated Notes issued by BOC (HK) and the Perpetual Capital Securities issued by Hutchison Whampoa are representations of the prudent approach the Board has taken for the Group's investments.

CREDIT RISK

For the brokerage and margin financing businesses, the Group is strictly in compliance with the SFO. Loans will be granted based on individual assessment on financial status, repayment records and the liquidity of collaterals placed by a client and the applicable interest rate will be determined thereon. Loans will be demanded for repayment once a client fails to repay a deposit, margin or another sum payable to the Group.

For the mortgage financing, the loans will be granted based on market values of pledged properties which are confirmed by independent valuers. To lower the Group's exposure to mortgage financing, the loan amounts to be granted in any event shall not exceed 80% of the market values of the pledged properties.

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

OPERATIONAL RISK

The Group has put in place an effective internal controls system for its operations. Under the brokerage business, a monitoring team comprises licensed responsible officers registered under the SFO and senior management, who have acted in compliance with the SFO, has been set up to monitor the settlement matters of traded securities and cash. In order to safeguard clients' interests and comply with the requirements of the SFO, our monitoring team carries out ongoing checks and verification so that our service standard has been maintained at a satisfactory level. In FY2011, the brokerage operation of the Group has complied with the SFO. Clients satisfied with the services and did not lodge any complaints.

INTEREST RATE RISK

The Group monitors its interest rate exposure regularly to ensure that the underling risk is monitored within an acceptable range. The Group's interest risk arises from the bank loan as it is on a floating rate basis with an outstanding period of more than 5 years.

LIQUIDITY RISK

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

FOREIGN EXCHANGE EXPOSURE

In FY2011, the Group's business activities and its assets and liabilities were mainly denominated in Hong Kong dollars and US dollars. In light of the exchange rate peg between the Hong Kong dollar and the US dollar, the Group considered its foreign exchange risk immaterial for FY2011. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group.

CODE ON CORPORATE GOVERNANCE

The Chairman of the Board did not attend the Annual General Meeting of the Company for the year 2010 as required by the code provision E.1.2 due to his personal reason. Other than that, the Company has complied with all the code provisions in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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 of the Company. All members of the Board has confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code during the year.

REVIEW OF ACCOUNTS

The Company has an Audit Committee comprising four independent non-executive directors of the Company, namely, Mr. Zhao Qingji, Mr. Yeung Shun Kee Edward, Mr. Li Hancheng and Mr. Lo Tsz Fung Philip. The Audit Committee has reviewed the Group's annual results for FY2011.

DISCLAIMER

This announcement contains outlook statements. Outlook statements involve a number of risks, uncertainties or other factors beyond the Company's control, which may cause material differences in actual results, financial performance or our expectations for future results. These factors include, but are not limited to, general economic conditions, competition, government regulation, interest rates, future terrorist acts, influenza and other similar outbreaks and pandemics. We are under no obligation to (and expressly disclaim any such obligation to) update the outlook statements as a result of new information, future events or otherwise.

On behalf of the Board
Zhao Qingji
Chairman

Hong Kong, 30 June 2011

As at the date of this announcement, the Board comprises five executive directors Mr. Cheung Hoo Win, Mr. Ng Yiu Chuen Stephen, Ms. Ho Mei Sheung Constance, Ms. Zhang Yuyan and Ms. Chen Lili and four independent non-executive directors Mr. Zhao Qingji, Mr. Yeung Shun Kee Edward, Mr. Li Hancheng and Mr. Lo Tsz Fung Philip.