STYLAND HOLDINGS LIMITED
大凌集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 211)

(Warrant code: 1595)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

The board of directors (the "**Directors**" or the "**Board**") of Styland Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2019 ("**FY2019**") together with the comparative figures for the year ended 31 March 2018 ("**FY2018**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March

	Note	2019 *HK$'000*	Restated 2018 *HK$'000*
Turnover		**234,787**	248,614
• Revenue	5	**81,205**	85,936
• Costs of brokerage services		**(5,395)**	(10,610)
• Other income		**22,637**	16,206
• Administrative expenses		**(112,371)**	(92,386)
• Selling and distribution expenses		**(4,478)**	(5,971)
• Change in fair value of investment properties		**55,591**	–
• Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		**(22,522)**	(21,456)
• Gain on disposal of financial assets at FVTPL		**3,903**	2,066
• Impairment loss recognized in respect of intangible asset		**(3,386)**	–
• Expected credit losses ("ECL")/ impairment loss recognized in respect of loan receivables		**(4,917)**	(2,914)
• ECL/impairment loss recognized in respect of accounts receivable		**(4,658)**	(2,337)
• Reversal of ECL/impairment loss recognized in respect of loan receivables		**5,966**	1,135
• Gain on disposal of subsidiaries		**–**	27,101
• Finance costs		**(18,010)**	(14,118)
Loss before taxation	6	**(6,435)**	(17,348)
• Income tax expense	7	**–**	–
Loss for the year		**(6,435)**	(17,348)

	Note	2019 HK$'000	Restated 2018 HK$'000
Other comprehensive (expense)/income			
Items that will be reclassified subsequently to profit or loss			
Fair value gain on available-for-sale financial assets		**–**	1,283
Items that will not be reclassified subsequently to profit or loss			
Fair value loss on financial assets at fair value through other comprehensive income ("FVOCI")		**(33,752)**	–
Total comprehensive expense for the year		**(40,187)**	(16,065)
Profit/(Loss) for the year attributable to			
• Owners of the Company		**183**	(25,552)
• Non-controlling interests		**(6,618)**	8,204
		(6,435)	(17,348)
Total comprehensive (expense)/income for the year attributable to			
• Owners of the Company		**(31,325)**	(24,349)
• Non-controlling interests		**(8,862)**	8,284
		(40,187)	(16,065)
Earnings/(Loss) per share			
• Basic	9	**HK0.0037 cents**	(HK0.53 cents)
• Diluted	9	**HK0.0035 cents**	(HK0.53 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	Note	2019	Restated 2018
		HK$'000	HK$'000
NON-CURRENT ASSETS			
• Furniture and equipment		**7,478**	2,975
• Investment properties		**347,800**	268,446
• Intangible asset		**–**	3,386
• Loan receivables	10	**46,127**	55,039
		401,405	329,846
CURRENT ASSETS			
• Loan receivables	10	**177,245**	193,413
• Accounts receivable	11	**30,457**	58,770
• Promissory note receivables	12	**18,600**	76,697
• Contract assets	13	**997**	–
• Other receivables, deposits and prepayments		**16,262**	21,157
• Financial assets at FVOCI/ Available-for-sale financial assets		**–**	39,268
• Financial assets at FVTPL		**27,721**	79,963
• Derivative financial instruments		**–**	5,306
• Client trust funds		**90,781**	109,056
• Pledged bank deposits		**5,000**	6,310
• Cash and cash equivalents		**112,372**	119,630
		479,435	709,570
• Assets of disposal group classified as held-for-sale	14	**210,304**	–
		689,739	709,570
		1,091,144	1,039,416
CURRENT LIABILITIES			
• Accounts payable	15	**106,438**	144,367
• Other payables and accruals		**12,819**	8,549
• Promissory note payables	16	**63,840**	140,810
• Borrowings		**134,228**	145,242
• Contract liabilities	13	**1,721**	–
• Derivative financial instruments		**–**	5,306
		319,046	444,274
• Liabilities of disposal group classified as held-for-sale	14	**221,588**	–
		540,634	444,274

	2019	Restated 2018
	HK$'000	*HK$'000*
NET CURRENT ASSETS	**149,105**	265,296
TOTAL ASSETS LESS CURRENT LIABILITIES	**550,510**	595,142
NON-CURRENT LIABILITIES		
Bond payable	**2,000**	2,000
NET ASSETS	**548,510**	593,142
CAPITAL AND RESERVES		
• Share capital	**50,951**	49,461
• Reserves	**500,761**	546,571
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	**551,712**	596,032
NON-CONTROLLING INTERESTS	**(3,202)**	(2,890)
TOTAL EQUITY	**548,510**	593,142

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 31 July 1991 as an exempted company with limited liability under the Companies Act of Bermuda. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the registered office and principal place of business of the Company are Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and 28th Floor, Aitken Vanson Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong respectively.

The consolidated financial statements are presented in Hong Kong dollar ("**HK$**"), which is also the functional currency of the Company. The 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 financial services, mortgage financing, property development and investment and securities trading.

2. 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**").

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; and

– certain financial assets and liabilities

Non-current assets and disposal group held-for-sale are stated at the lower of carrying amount and fair value less costs to sell.

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 the consolidated financial statements.

3. NEW AND AMENDED HKFRSs

New and amended HKFRSs that are effective for annual periods beginning from 1 April 2018

In the FY2019, the Group has applied for the first time the following new and 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 from 1 April 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
Amendments to HKFRS 1	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

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

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 losses" ("**ECL**") model for the impairment of financial assets.

When adopting HKFRS 9, the Group has applied the standard retrospectively to items that existed at 1 April 2018 in accordance with the transition requirement and also applied transitional relief and opted not to restate prior periods.

The adoption of HKFRS 9 has impacted the following areas:

- equity securities classified as investment held for trading carried at fair value which are held within a business model whose objective is achieved by selling the equity securities will continue to be measured at FVTPL.

- the measurement of certain unlisted equity investments measured at cost less impairment and certain investment in unlisted equity fund previously classified as available-for sale financial assets under HKAS 39 measured at fair value with fair value changes being recognized in other comprehensive income are now measured at fair value. The Group elected to irrevocably designate them at fair value with changes presented in other comprehensive income.

- the classification and measurement of the Group's financial assets for accounts receivable, loan receivables, promissory note receivables and other receivables and deposits are previously classified as loans and receivables under HKAS 39, are now classified as financial assets measured at amortized cost under HKFRS 9.

- in relation to the impairment of financial assets, HKFRS 9 requires an ECL model, which will be applied to the Group's financial assets measured at amortized costs. The ECL model requires an entity to account for ECL and changes in those ECL 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 ECL or a lifetime ECL, depending on the asset and the facts and circumstances.

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

In summary, the following reclassification was made to the amounts recognized in the consolidated statement of financial position and the consolidated statement of changes in equity at the date of initial application (1 April 2018).

The impact of these changes on the consolidated statement of financial position is as follows:

	Carrying amount at 31 March 2018 under HKAS 39	**Reclassification**	**Carrying amount at 1 April 2018 under HKFRS 9**
	HK$'000	*HK$'000*	*HK$'000*
	(Restated)		
Available-for-sale financial assets	39,268	(39,268)	–
Financial assets at FVOCI	–	39,268	39,268
	39,268	**–**	**39,268**

The impact of these changes on the Group's equity is as follows:

	Carrying amount at 31 March 2018 under HKAS 39	**Reclassification**	**Carrying amount at 1 April 2018 under HKFRS 9**
	HK$'000	*HK$'000*	*HK$'000*
	(Restated)		
Reserve for available-for-sale financial assets	1,203	(1,203)	–
Fair value reserve	–	1,203	1,203
	1,203	**–**	**1,203**

Other than these stated above, the initial application of the HKFRS 9 do not result any significant impact on the consolidated financial statements.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 "Revenue from Contracts with Customers" and the related "Clarifications to HKFRS 15 Revenue from Contracts with Customers" (hereinafter referred to as "HKFRS 15") replaced 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 over time. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognized.

The Group has elected to use the cumulative effect transition method, with the cumulative effect of initial application recognized as an adjustment to the opening balance of retained profits at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18.

The initial application of the HKFRS 15 do not result in any significant impact on the consolidated financial statements.

Issued but not yet effective HKFRSs

At the date of authorization of these consolidated financial statements, the following new and amended HKFRSs have been issued by the HKICPA but are not yet effective for the financial year beginning from 1 April 2018, and have not been adopted earlier by the Group:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 3	Definition of a Business[5]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective date not yet determined
5 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

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 the new and amended HKFRSs that are expected to have an 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 consolidated financial statements.

HKFRS 16 "Leases"

HKFRS 16 "Leases" replaced HKAS 17 and three related Interpretations.

Upon the adoption of HKFRS 16, 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 and measure a lease liability at the present value of the minimum future lease payments and 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 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.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 on 1 April 2019 and will recognize the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information will not be restated. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets and not to perform a full review of existing leases and apply HKFRS 16 only to new contracts. Furthermore, the Group plans to use the practical expedient to account for leases for which the lease term ends within 12 months from the date of initial application as short-term lease.

As at 31 March 2019, the Group's future minimum lease payments under non-cancellable operating leases amount to HK$18,346,000 for land and buildings, the majority of which is payable within 5 years after reporting date. Upon the initial application of HKFRS 16 at 1 April 2019, the Group plans to measure the rights-of-use assets at an amount equal to the lease liability (subject to certain adjustments) and the opening balances of lease liabilities and the corresponding right-of-use assets will both be adjusted to HK$16,605,000 respectively, after taking account the effects of discounting, as at 1 April 2019.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements from 2019 onwards.

4. PRIOR YEAR ADJUSTMENTS

In preparing the consolidated financial statements for the year ended 31 March 2019, management has made certain corrections to the amounts presented and disclosures in the previously issued consolidated financial statements for the year ended 31 March 2018. Details were described as follows:

As at 31 March 2018, the Group's investment in an unlisted equity fund (the "**Equity Fund**") which was classified as available-for-sale financial assets and carried at fair value with its fair value change recognized in other comprehensive income. The Equity Fund's portfolio of investments mainly comprised of listed and unlisted equity securities. 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.

As described in details in the announcements of the Company dated 1 November 2018 and 1 March 2019, during the year ended 31 March 2019, the Company had engaged another professional valuer to carry out valuation on the Equity Fund and determined the fair value as at 31 March 2018 to be approximately HK$38,488,000. Accordingly, the Group decided to proceed with the restatement.

The impacts of the restatements in the consolidated financial statements in respect of the fair value of the Equity Fund as at 31 March 2018 on the Group is as follows:

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018:

	As previously reported *HK$'000*	**Prior year adjustments** *HK$'000*	**As restated** *HK$'000*
Other comprehensive income for the year	35,294	(34,011)	1,283
Total comprehensive income/(expense) for the year	17,946	(34,011)	(16,065)
Total comprehensive income/(expense) for the year attributable to			
– Owners of the Company	8,182	(32,531)	(24,349)
– Non-controlling interests	9,764	(1,480)	8,284
	17,946	(34,011)	(16,065)

Consolidated statement of financial position as at 31 March 2018:

	As previously reported *HK$'000*	Prior year adjustments *HK$'000*	As restated *HK$'000*
Available-for-sale financial assets	73,279	(34,011)	39,268
Current assets	743,581	(34,011)	709,570
Total assets	1,073,427	(34,011)	1,039,416
Net current assets	299,307	(34,011)	265,296
Net assets	627,153	(34,011)	593,142
Reserves for available-for-sale financial assets	33,734	(32,531)	1,203
Non-controlling interests	(1,410)	(1,480)	(2,890)
Total equity	627,153	(34,011)	593,142

5. SEGMENTAL INFORMATION

Information reported to the executive Directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided or products traded. 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.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31 March 2019

	Financial services *HK$'000*	**Mortgage financing** *HK$'000*	**Property development and investment** *HK$'000*	**Securities trading** *HK$'000*	**Eliminations** *HK$'000*	**Total** *HK$'000*
Segment revenue:						
Revenue from external customers	**57,441**	**23,490**	**–**	**274**	**–**	**81,205**
Inter-segment revenue	**343**	**–**	**–**	**–**	**(343)**	**–**
	57,784	**23,490**	**–**	**274**	**(343)**	**81,205**
Segment results	**(22,207)**	**15,286**	**54,954**	**(18,940)**	**–**	**29,093**
Unallocated income						**187**
Unallocated expenses						**(35,715)**
Loss before taxation						**(6,435)**

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*	Eliminations *HK$'000*	Total *HK$'000*
Segment revenue:						
Revenue from external customers	57,374	27,327	931	304	–	85,936
Inter-segment revenue	852	–	–	–	(852)	–
	58,226	27,327	931	304	(852)	85,936
Segment results	20,480	16,792	(3,450)	(20,271)	–	13,551
Unallocated income						396
Unallocated expenses						(31,295)
Loss before taxation						(17,348)

Segment assets and liabilities

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

As at 31 March 2019

	Financial services *HK$'000*	**Mortgage financing** *HK$'000*	**Property development and investment** *HK$'000*	**Securities trading** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Segment assets	**246,323**	**135,318**	**351,668**	**27,721**	**119,810**	**880,840**
Assets of disposal group classified as held-for-sale						**210,304**
						1,091,144
Segment liabilities	**151,100**	**32,429**	**72,440**	**5**	**65,072**	**321,046**
Liabilities of disposal group classified as held-for-sale						**221,588**
						542,634

As at 31 March 2018

	Financial services *HK$'000*	Mortgage financing *HK$'000*	Property development and investment *HK$'000*	Securities trading *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Segment assets (restated)	411,717	158,321	268,690	73,713	126,975	1,039,416
Segment liabilities	259,997	69,884	50,749	5	65,639	446,274

Other segment information

For the year ended 31 March 2019:

	Financial services *HK$'000*	Mortgage financing *HK$'000*	Property development and investment *HK$'000*	Securities trading *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measurement of segment profit or loss or segment assets:						
Change in fair value of investment properties	–	–	55,591	–	–	55,591
Change in fair value of financial assets at FVTPL	–	–	–	(22,522)	–	(22,522)
Gain on disposal of financial assets at FVTPL	–	–	–	3,903	–	3,903
Impairment loss recognized in respect of intangible asset	(3,386)	–	–	–	–	(3,386)
ECL recognized in respect of loan receivables	(2,317)	(2,600)	–	–	–	(4,917)
ECL recognized in respect of accounts receivable	(4,658)	–	–	–	–	(4,658)
ECL recognized in respect of other receivables	–	(248)	–	–	–	(248)
Reversal of ECL recognized in respect of loan receivables	1,449	4,517	–	–	–	5,966
Reversal of ECL recognized in respect of accounts receivable	645	–	–	–	–	645
Bad debt recovery for loan receivables	–	282	–	–	–	282
Depreciation	(1,130)	(48)	(101)	–	(509)	(1,788)
Gain on exchange difference, net	1,592	–	–	–	–	1,592
Written-off of furniture and equipment	(34)	(2)	–	–	–	(36)
Additions to non-current assets *(note)*	2,952	23	27,488	–	851	31,314
Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:						
Interest income	–	–	–	–	187	187
Finance costs	–	–	–	–	(18,010)	(18,010)

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

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	Unallocated HK$'000	Total HK$'000
Amounts included in the measurement of segment profit or loss or segment assets:						
Change in fair value of financial assets at FVTPL	2,500	–	–	(23,956)	–	(21,456)
Gain on disposal of financial assets at FVTPL	–	–	–	2,066	–	2,066
Impairment loss recognized in respect of accounts receivable	(2,337)	–	–	–	–	(2,337)
Impairment loss recognized in respect of loan receivables	(2,189)	(725)	–	–	–	(2,914)
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 accounts receivable	122	–	–	–	–	122
Reversal of impairment loss recognized in respect of loan receivables	771	364	–	–	–	1,135
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 the chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:						
Interest income	–	–	–	–	77	77
Finance costs	–	–	–	–	(14,118)	(14,118)

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

6. **LOSS BEFORE TAXATION**

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

	2019	2018
	HK$'000	*HK$'000*
Staff costs (including Directors' emolument):		
– Salaries, allowances and other benefits	**57,885**	51,804
– Retirement benefit scheme contributions	**1,553**	1,462
Auditor's remuneration	**980**	800
Bad debt written-off	**2,187**	32
Depreciation	**1,788**	1,423
(Gain)/Loss on exchange difference, net	**(1,592)**	196
Gain on disposal of furniture and equipment	**–**	(40)
Written-off of furniture and equipment	**36**	–
Lease payment under operating leases for rented premises	**8,142**	7,398
Impairment loss recognized in respect of intangible asset	**3,386**	–
ECL/Impairment loss recognized in respect of loan receivables	**4,917**	2,914
ECL/Impairment loss recognized in respect of accounts receivable	**4,658**	2,337
ECL/Impairment loss recognized in respect of other receivables	**248**	17
ECL/Impairment loss recognized in respect of promissory note receivables	**–**	1,269

7. **INCOME TAX EXPENSE**

No provision for Hong Kong profits tax has been made in the consolidated financial statements for FY2019 (FY2018: 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.

8. **DIVIDENDS**

The Directors proposed a final dividend at a rate equivalent to HK$1.25 for every 1,000 shares with a scrip alternative. The payment of final dividend is subject to the approval by shareholders at the forthcoming Annual General Meeting ("**AGM**") of the Company. The scheduled dividend payment date is 30 October 2019.

The Company rewards its shareholders with cash dividend, scrip dividend, bonus warrants or bonus shares depending on the business performance and liquidity position of the Group. Therefore, there is no assurance as to what extent a particular dividend amount will be declared for any given period. The Directors may review the dividend policy as and when appropriate.

9. **EARNINGS/(LOSS) PER SHARE**

The calculation of basic earnings/(loss) per share was based on the profit for the year attributable to the owners of the Company of HK$183,000 (2018: loss for the year attributable to the owners of the Company of HK$25,552,000) and the weighted average number of 4,993,501,865 ordinary shares (2018: 4,840,117,033 ordinary shares) in issue during the year ended 31 March 2019.

The calculation of diluted earnings per share for the year ended 31 March 2019 was based on the profit for the year attributable to the owners of the Company of HK$183,000 and the weighted average number of 4,993,501,865 ordinary shares in issue during the year and adjusting for the potential dilutive ordinary shares of 280,252,749 arising from the outstanding warrants granted.

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

10. LOAN RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Securities dealing and brokerage services:		
– Secured margin loans	**69,212**	89,324
Less: ECL allowance/allowance for impairment losses	**(15,302)**	(27,916)
	53,910	61,408
Financing business:		
– Unsecured loans	**14,504**	11,961
– Secured loans	**23,857**	22,150
– Secured mortgage loans	**141,413**	165,162
Less: ECL allowance/allowance for impairment losses	**(10,312)**	(12,229)
	169,462	187,044
Total	**223,372**	248,452
The Group's loan receivables (net of ECL allowance/accumulated impairment losses) are analysed into:		
– Non-current assets	**46,127**	55,039
– Current assets	**177,245**	193,413
	223,372	248,452

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

	2019	2018
	HK$'000	*HK$'000*
Within 6 months	**82,356**	128,654
Over 6 months but not more than 1 year	**38,816**	28,127
Over 1 year	**48,290**	30,263
	169,462	187,044

11. ACCOUNTS RECEIVABLE

	2019	2018
	HK$'000	*HK$'000*
Accounts receivable	**39,696**	63,996
Less: ECL allowance/accumulated impairment losses	**(9,239)**	(5,226)
Total	**30,457**	58,770
Balance in relation to:		
– Securities dealing and brokerage services	**30,307**	53,851
– Others	**150**	4,919
	30,457	58,770

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

	2019	2018
	HK$'000	*HK$'000*
Within 6 months	**22,352**	51,864
Over 6 months but not more than 1 year	**3,402**	1,269
Over 1 year	**4,703**	5,637
	30,457	58,770

12. PROMISSORY NOTE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Promissory note receivables	**18,600**	78,354
Less: ECL allowance/accumulated impairment losses	**–**	(1,657)
	18,600	76,697

The promissory note receivables are regarded as financial assistances to corporations. They bear interest at the rate of 8% (2018: rates from 8% to 36%) per annum and are repayable within one year.

13. CONTRACT ASSETS/CONTRACT LIABILITIES

	2019	2018
	HK$'000	*HK$'000*
Contract assets arising from:		
Corporate finance services	**997**	–
Contract liabilities arising from:		
Corporate finance services	**1,721**	–

The contract assets represent rights to consideration for work performed but not yet billed for the corporate finance services and are expected to be transferred to accounts receivable within one year.

When the Group receives a deposit before the commencement of services provided, this will give rise to a contract liability at the start of a contract until the revenue recognized on the project could cover the amount of the deposit. The contract liabilities represent receipts in advance for the corporate finance services and are expected to be recognized as revenue within one year.

The uncompleted performance obligation as at 31 March 2019 was HK$9,871,000, which is expected to be recognized as revenue within one year.

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

On 20 February 2019, Ever-Long Holdings Limited (the "**Grantor**"), a wholly owned subsidiary of the Company, entered into an agreement (the "**Agreement**") in relation to a grant of call option ("**Call Option**") to an independent third party to acquire 55% of the issued ordinary shares of Brighten Int'l Holdings Limited ("**Brighten Int'l**") held by the Grantor at the cash consideration of HK$550,000. The exercise period of the Call Option will be from the date of the Agreement to 31 July 2019. Brighten Int'l is the holding company of Brighten Management Limited ("**Brighten Management**").

Pursuant to the Agreement, the Grantor acquired certain promissory notes in the principal amount of HK$20,000,000 from Brighten Management at the consideration of HK$39,000,000 which was settled by the balances of HK$39,000,000 due from Brighten Int'l and its subsidiaries ("**Brighten Group**") to the Grantor. The difference between the principal amount of the promissory notes and the consideration attributable to the non-controlling interests of Brighten Int'l amounted to HK$8,550,000 was regarded as deemed distribution to the non-controlling interests. Details of which are set out in the Company's announcement dated 20 February 2019.

On 27 March 2019, the Group further entered into a conditional sale and purchase agreement with another independent third party. Pursuant to which, the Group shall dispose of the 55% of issued ordinary shares of Brighten Int'l to such independent third party at the cash consideration of HK$440,000 upon the lapse of the Call Option. Details of which are set out in the Company's announcement dated 27 March 2019.

Accordingly, the respective assets and liabilities of Brighten Group were presented as held-for-sale in the Group's consolidated statement of financial position as at 31 March 2019.

The Brighten Group operated in financial services and securities trading segment.

The major classes of assets and liabilities of Brighten Group classified as held-for-sale as at 31 March 2019 are as follows:

	2019
	HK$'000
Furniture and equipment	**1,224**
Promissory note receivables	**128,897**
Other receivables, deposits and prepayments	**45,200**
Financial assets at FVOCI	**766**
Financial assets at FVTPL	**20,860**
Cash and cash equivalents	**13,357**
Assets of disposal group held-for-sale	**210,304**
Other payables and accruals	**9,381**
Promissory note payables	**201,007**
Borrowings	**11,200**
Liabilities of disposal group held-for-sale	**221,588**
Net liabilities of disposal group held-for-sale	**11,284**

15. ACCOUNTS PAYABLE

	2019	2018
	HK$'000	*HK$'000*
Balance in relation to:		
Securities dealing and brokerage services *(note)*	**106,438**	144,367

Note: 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.

16. PROMISSORY NOTE PAYABLES

The Group has obtained additional working capital by issuing promissory notes. They bear interest at the range of 5% to 8% (2018: 4% to 8%) per annum and are repayable within one year.

17. CONTINGENT LIABILITIES

As at 31 March 2019, the Group had no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

In FY2019, the Group achieved a turnover of approximately HK$234,787,000 (FY2018: approximately HK$248,614,000), and recorded a loss of approximately HK$6,435,000 for FY2019 (FY2018: a loss of approximately HK$17,348,000).

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*

  During FY2019, the Hong Kong stock market was affected by various factors including the ongoing trade dispute between China and the United States, as well as a slowdown in the Chinese economy. To facilitate the financing activities in the real economy, China's central government continued to increase the money supply to its banking system by reducing the cash reserve ratio of the country's banks. This measure might have stimulated the Chinese stock market as well as the Hong Kong stock market via the southbound stock connects.

  Although the securities market in Hong Kong has experienced ups and downs in FY2019, we believe that the prospects of the financial services business are good, and so the Group has continued to expand its financial services business. To offer our clients the convenience of a one-stop shop where clients can obtain a broad range of financial services under one roof, during FY2019, we combined our financial service activities to take place at the same geographical location by relocating to a much larger office at Wing On House in the Central business hub of Hong Kong. Our financial services business' new office at Wing On House has a floor area of approximately 7,000 square feet. Moreover, as part of our strategy to further enhance our brokerage business, in FY2019, we also recruited new account executives that have a strong client base to develop our brokerage business. Thanks to this strategy, the total number of securities trading client accounts had increased by 5.8% in FY2019 when compared to that in FY2018.

  In addition to providing 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, our stock broking arm, Ever-Long Securities Company Limited, acted as a broker firm and assisted clients in trading shares of the Shanghai and Shenzhen Stock Connects. In light of the fluctuations in the price of China A-shares, and with a view to provide our clients a wider spectrum of financial services, during FY2019, we launched our brokerage services for futures products so that our clients were able to hedge their risks in the stock markets by trading futures products. The Group will continue to offer its clients other value-added services with attractive rates of return.

- *Brokerage Financing*

  In light of the concern about the prospect of the US economic growth at the end of 2018, the US Federal Reserve lowered its outlook for the long-run interest rate hikes. This is a positive factor for the Hong Kong stock market and we believe that this factor, which enables us to keep the interest rates that we charge clients to remain stable, is likely to encourage our clients to use our margin financing service for their investment transactions. 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. We have continued to carefully monitor the margin levels maintained by our margin clients. As a result, the bad debt provision for our margin financing business was kept at a reasonable level.

  As at 31 March 2019, the net balance of loans under the brokerage business stood at approximately HK$73,587,000. The brokerage loan interest income for FY2019 was approximately HK$9,784,000.

- *Corporate Finance*

  In respect of our corporate finance services, the Group's wholly owned subsidiary Ever-Long Securities Company Limited successfully completed the initial public offering ("**IPO**") project of Most Kwai Chung Limited (stock code: 1716) back in March 2018, which set a record high for a Hong Kong IPO in terms of the number of times the IPO shares were oversubscribed. To take advantage of such a successful experience, the Group has completed another IPO project, this time, it was the IPO project of KOS International Holdings Limited (stock code: 8042), which was listed on 12 October 2018. Other than the completed IPO projects, we also have other IPO mandates in the pipeline. In addition, the Group has applied to the SFC for the further release of the licensing condition relating to financial advisory on takeovers and mergers transactions.

  Other than the IPO projects, we also undertook other corporate finance engagements in FY2019. In order to capture more business referrals, we strive to maintain good business relationships with other broker firms and business partners. During FY2019, the Group participated in a number of corporate finance deals including the placing and underwriting for new issues of shares as well as acting as a compliance adviser. The income for the corporate finance business was approximately HK$17,661,000 for the year under review.

- *Asset Management*

  With the popularity of technology development in the market, the Group concentrated on the management of a fund that primarily invested in the technology sector. Moreover, to accommodate for clients' varied risk appetites, under this fund, we have set up three subordinate funds, each of which would invest in enterprises that are at different stages of their development. The Outline Development Plan for the Greater Bay Area was promulgated in February 2019, which would promote the free flow of capital across the cities in the area. The Group may review its business strategy to capture such business opportunities for its asset management segment.

Mortgage Financing

Faced with the intense competition from the market, the Group had exercised a cautious approach for its mortgage financing business to strike a balance between risk and reward. In light of the changes in the market environment, we adjusted our business strategy for new loan applications from time to time during FY2019 with a view to maintain a healthy loan portfolio. Also, to enhance the internal controls of our money lending business, the Group has in place its monitoring staff, namely, the compliance officer and money laundering reporting officer, to monitor the compliance and effectiveness of our mortgage financing business.

To support the development of our mortgage financing business, in addition to internal resources, we had extended our funding channels to obtain external facilities at reasonable costs during FY2019. As a result of this effort, the consolidated loan portfolio under the mortgage financing segment had reached HK$133,138,000 on 31 March 2019. Thanks to our professional experience and risk management skills, the impairment allowance continued to be maintained at its minimum level. The income for the mortgage financing business was HK$23,490,000 for FY2019.

Property Development and Investment

With respect to the Group's redevelopment project at Fei Ngo Shan Road (the "**Fei Ngo Shan Property**") with a gross site area of more than 16,000 square feet, the superstructure was completed and the occupation permit was obtained in April 2019. Thereafter, the Group started the interior decoration work for the Fei Ngo Shan Property. In addition, the Group holds a residential property in Sai Kung. As at 31 March 2019, the combined carrying value of the Group's investment properties was approximately HK$347,800,000.

Securities Trading

As at 31 March 2019, the Group held listed securities investments in a total of 17 securities, which were engaged in the sectors of (i) natural resources; (ii) information technology; (iii) consumer goods; (iv) industrials; (v) properties and construction; (vi) banks; and (vii) others. For FY2019, the investment portfolio recorded an aggregate net realized gain of approximately HK$3,903,000 and an aggregate net unrealized loss of approximately HK$22,522,000. Out of those net unrealized losses, (i) approximately 45% was attributable to the Group's investment in an information technology company (the "**IT Company**"); and (ii) approximately 23% was attributable to a natural resources company (the "**Resources Company**").

The IT Company is a company listed on the Australian Securities Exchange and operates a web-based real estate and business crowd funding platform that connects investors with businesses requiring capital. 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 prices of the IT Company and Resources Company during FY2019 was because of various market factors. However, in the long term, in light of the increasing popularity of information technology companies in the market, and the emphasis on environmental protection and the future demand for natural resources, we believe that the businesses in which the IT Company and the Resources Company are mainly engaged will have positive prospects in the global market.

Prospects

It is generally believed that the US may not raise interest rates in the second half of 2019. In Mainland China, thanks to the various measures taken by the central government to deal with China's economic development, China's GDP for the first quarter of 2019 grew slightly more than expected. Although there is uncertainty regarding the results of the China-US trade dispute, we believe that the growth of the PRC's economy will still be maintained at a reasonable level. These factors are favorable to the world economy as well as the market sentiment in Hong Kong. The Group will closely monitor the market changes and continue to explore its business opportunities under such a market environment.

MSCI has announced that it will increase the weighting of China A-shares in the MSCI Indexes by increasing the inclusion factor from its initial level of 5% to the new level of 20% in three steps, and it is expected that the international fund flow into China A-shares via the stock connects will increase significantly. The Group is eligible to offer its clients investment products so that clients can invest in the shares of the Shanghai and Shenzhen Stock Exchanges. The increase of the inclusion factor is expected to benefit the Group's stock broking and margin financing businesses. Also, due to the volatility of the Chinese stock markets, investors who trade in China A-shares would need a hedging tool to manage the relevant risks, and the Group is now ready to offer its clients opportunities to buy index futures products to match their hedging needs.

As for the Group's brokerage business, we shall continue to provide our clients greater flexibility in making investments in stocks by offering clients attractive margin interest rates as well as financial products from various overseas stock markets. To provide our clients more comprehensive financial advisory services, in addition to the existing scope of corporate finance services, the Group is in the process of applying for further release of the licensing condition relating to financial advisory on takeovers and mergers transactions. As a financial service provider, we believe that the Guangdong-Hong Kong-Macau Greater Bay Area will be a gigantic market for the Group's development. We plan to strengthen our financial services by extending our footprint to this region to provide debt and equity fund raising services.

Following the possible end of the interest rate hike cycle in the US, interest rates in Hong Kong are expected to remain low for a period of time. This would benefit the valuations of the Group's investment properties. Furthermore, we believe that there is still an immense market space for mortgage financing provided by financial companies like ours. To meet such demand, in addition to our internal resources, we will continue to leverage our 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, we will continue to strengthen our credit policy to maintain reasonable loan-to-value ratios to manage our market risks. We will also fine tune our business strategy from time to time to adapt to market changes.

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

FINANCIAL REVIEW ON LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2019, the Group's net asset value was approximately HK$548,510,000 (FY2018: approximately HK$593,142,000) and cash at bank and in hand totaled approximately HK$112,372,000 of which approximately 87% was held in Hong Kong dollar, approximately 9% in US dollar, approximately 3% in Renminbi and approximately 1% in New Taiwanese dollar (FY2018: approximately HK$119,630,000).

As at 31 March 2019, the Group's external financing including borrowings, promissory note payables and a bond payable amounted to approximately HK$200,068,000 (FY2018: approximately HK$288,052,000) of which approximately HK$184,412,000 (FY2018: HK$271,615,000) was repayable within one year. The gearing ratio, being the ratio of total external financing to the shareholders' fund, was about 0.36 (FY2018: 0.48).

Investments in Financial Assets

As at 31 March 2019, the Group held a portfolio of listed and unlisted securities with fair value of approximately HK$27,721,000 (FY2018: 79,963,000). The Group will continue to adopt a prudent approach for its investments in financial assets.

Charges on Group Assets

As at 31 March 2019, time deposits of HK$5,000,000 (FY2018: approximately HK$6,310,000) and investment properties of approximately HK$347,800,000 (FY2018: approximately HK$268,446,000) were pledged to banks to secure the banking facilities that were granted to the Group.

Credit Risk

For the financial services businesses, 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 effective internal control systems for its operations. Under the financial services businesses, 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 operations, 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	5
Type 4	Advising on securities	5
Type 6	Advising on corporate finance	5
Type 9	Asset management	2

In order to safeguard clients' interests and comply with the requirements of the SFO, our monitoring teams have carried out ongoing checks and verifications so that we are able to maintain our service standard at a satisfactory level. During FY2019, the financial services operation of the Group had complied with the SFO. Clients were satisfied with our services. During FY2019, we have properly managed a total securities trading turnover of approximately HK$4.4 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 net consolidated mortgage loans that totaled approximately HK$133,138,000 as at 31 March 2019, and customers were satisfied with our services.

Interest Rate Risk

All of the Group's borrowings bore interest at either a fixed interest rate or floating interest rate. Its risk arises from the interest payments which were 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 2019, the amount of undrawn banking facilities of the Group was approximately HK$29,126,000.

Price Risk

The Group is exposed to listed 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 included the listed shares, which are valued at the quoted market prices. 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 FY2019, the Group's business activities as well as its assets and liabilities were mainly denominated in Hong Kong dollar, US dollar, Renminbi and New Taiwanese dollar. In light of (i) the exchange rate peg between the Hong Kong dollar and US dollar; (ii) the portions of the Group's assets or liabilities that were denominated in Renminbi were immaterial when compared to the Group's total assets or liabilities; and (iii) the exchange differences for the Group's assets and liabilities that were denominated in New Taiwanese dollar may be offset by each other, the Group considers its foreign exchange risk immaterial for FY2019. It is the Group's treasury policy to manage its foreign currency exposure to minimise any material financial impact to the Group.

CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any material contingent liabilities (FY2018: immaterial).

EVENT AFTER THE REPORTING PERIOD

On 16 May 2019, the Board resolved to grant share options to certain employees and a consultant of the Group to subscribe, in aggregate, for up to 455,000,000 ordinary shares of HK$0.01 each in the share capital of the Company. To obtain the details pertaining to the grant of share options, please refer to the announcement of the Company dated 16 May 2019.

CORPORATE GOVERNANCE

Other than the following deviations, the Company has complied with all of the code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 of the Listing Rules.

According to the code provision A.6.7 of the CG Code, Independent Non-executive Directors (the "**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. During FY2019, the Company convened two general meetings. Due to their personal engagements, two INEDs including the Chairman of the Company were unable to attend the two general meetings.

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.

The Directors have confirmed, following specific enquiry by the Company that in FY2019, they have complied with the required standard as set out in the Model Code.

BONUS ISSUE OF WARRANTS

It was announced on 15 August 2018 that the Board proposed an issue of bonus warrants to the shareholders on the basis of 1 warrant for every 5 shares (the "**Bonus Issue of Warrants**"). For details of the Bonus Issue of Warrants, please refer to the announcement of the Company dated 15 August 2018 (the "**Announcement**"). On 24 September 2018, the shareholders approved the Bonus Issue of Warrants, pursuant to which 989,226,416 warrants were issued. The initial subscription price was HK$0.01 and the subscription period was from 6 November 2018 to 5 November 2019 (both days inclusive). Full exercise of the subscription rights attaching to the 989,226,416 warrants would result in the issue of 989,226,416 new shares. Details of the exercise of Bonus Issue of Warrants are set out as follows:

	Number of warrants	**Amount HK$'000**
Number of warrants issued	989,226,416	9,892
Number of warrants exercised during FY2019	(148,931,567)	(1,489)
Balance of warrants at 31 March 2019	840,294,849	8,403

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 2019, approximately HK$1,403,000 of the Subscription Monies were used as general working capital of the Group.

To act in the best interest of the shareholders, the Directors would propose a new issue of bonus warrants to the shareholders (the "**New Bonus Issue of Warrants**"). Details of the New Bonus Issue of Warrants will be announced in due course.

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 FY2019.

CLOSURE OF REGISTER OF MEMBERS

For determination of the shareholders' entitlements to the proposed final dividend, the register of members of the Company will be closed from 9 September 2019 to 10 September 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, (i) in the case of shareholders, all transfer documents accompanied by the relevant share certificates or (ii) in the case of warrant holders, all subscription forms accompanied by the relevant warrant certificates and subscription monies, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited (the "**Branch Share Registrar**"), at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 6 September 2019. The Company would like to draw the attention of the shareholders and warrant holders the change of address of the Company's branch share registrar and transfer offer in Hong Kong as disclosed below.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 11 July 2019, the Hong Kong branch share registrar and transfer office of the Company, Branch Share Registrar, will change its address from Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong to

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

REVIEW OF ACCOUNTS

The Company has an Audit Committee comprising five INEDs, namely, Mr. Lo Tsz Fung Philip, Mr. Zhao Qingji, Mr. Yeung Shun Kee, Mr. Li Hancheng and Mr. Lee Kwok Yin Denthur. The Audit Committee has reviewed the Group's annual results for FY2019.

On behalf of the Board
Zhao Qingji
Chairman

Hong Kong, 21 June 2019

As at the date of this announcement, the Board comprises five executive Directors Mr. Cheung Hoo Win, Mr. Ng Yiu Chuen, Ms. Mak Kit Ping, Ms. Zhang Yuyan and Ms. Chen Lili and five INEDs Mr. Zhao Qingji, Mr. Yeung Shun Kee, Mr. Li Hancheng, Mr. Lo Tsz Fung Philip and Mr. Lee Kwok Yin Denthur.

* *For identification purpose only*