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 2018

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 2018 ("**FY2018**") together with the comparative figures for the year ended 31 March 2017 ("**FY2017**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	Note	**2018** **HK$'000**	2017 HK$'000
NON-CURRENT ASSETS			
• Furniture and equipment		**2,975**	3,094
• Investment properties		**268,446**	246,000
• Loan receivables	9	**55,039**	75,792
• Intangible asset		**3,386**	3,386
		329,846	328,272
CURRENT ASSETS			
• Loan receivables	9	**193,413**	171,422
• Accounts receivable	10	**58,770**	35,862
• Promissory note receivables	11	**76,697**	31,087
• Other receivables, deposits and prepayments		**21,157**	21,268
• Available-for-sale financial assets	12	**73,279**	5,000
• Financial assets at fair value through profit or loss		**79,963**	77,191
• Derivative financial instruments		**5,306**	–
• Tax recoverable		**–**	615
• Client trust funds		**109,056**	84,759
• Pledged bank deposits		**6,310**	6,273
• Cash and cash equivalents		**119,630**	176,260
		743,581	609,737
• Assets of disposal group classified as held-for-sale		**–**	110,964
		743,581	720,701
		1,073,427	1,048,973
CURRENT LIABILITIES			
• Accounts payable	14	**144,367**	99,628
• Other payables and accruals		**8,549**	12,611
• Promissory note payables	15	**140,810**	154,293
• Borrowings		**145,242**	116,747
• Derivative financial instruments		**5,306**	–
		444,274	383,279
• Liabilities of disposal group classified as held-for-sale		**–**	66,811
		444,274	450,090
NET CURRENT ASSETS		**299,307**	270,611
TOTAL ASSETS LESS CURRENT LIABILITIES		**629,153**	598,883

	2018	2017
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
• Bond payables	**2,000**	–
NET ASSETS	**627,153**	598,883
CAPITAL AND RESERVES		
• Share capital	**49,461**	47,848
• Reserves	**579,102**	562,209
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	**628,563**	610,057
NON-CONTROLLING INTERESTS	**(1,410)**	(11,174)
TOTAL EQUITY	**627,153**	598,883

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The consolidated financial statements are presented in Hong Kong dollar ("**HK$**"), which is also the functional currency of the Company. All figures are rounded up to the nearest thousand unless otherwise specified.

The Company acts as an investment holding company. The principal activities of its subsidiaries are provision of management and financing, strategic investment, property investment, securities trading and securities brokage.

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.

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

- investment properties;
- financial instruments classified as at fair value through profit or loss;
- available-for-sale financial assets that are stated at fair value; and
- derivative financial instruments (other than linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured)

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

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

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

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

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

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

Amendments to HKAS 7 "Disclosure Initiative"

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

Issued but not yet effective HKFRSs

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

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]

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

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

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

HKFRS 9 Financial instruments

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

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

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

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

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

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

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

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

HKFRS 15 "Revenue from Contracts with Customers"

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

1. Identify the contract(s) with customer;

2. Identify the performance obligations in the contract;

3. Determine the transaction price;

4. Allocate the transaction price to the performance obligations;

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

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

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

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

HKFRS 16 "Leases"

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

Currently the Group classifies leases into operating leases and accounts for the lease arrangements. The Group enters into leases as lessor and lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease, the lessee will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee would recognise 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 recognising 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 recognised on a systematic basis over the lease term.

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

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transitional options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt

HKFRS 16 retrospectively or follow a modified retrospective method of recognising a cumulative effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.

4. SEGMENTAL INFORMATION

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

– the financial services segment provides securities dealing, brokerage financing, corporate finance, asset management and other financing services;

– the mortgage financing segment engages in corporate and personal loans that are secured by real properties;

– the property development and investment segment engages in property redevelopment and letting of properties; and

– the trading of securities segment engages in trading of securities and derivative products.

Segment revenues and results

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

For the year ended 31 March 2018

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

For the year ended 31 March 2017

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

Segment assets and liabilities

The segment assets and liabilities as at 31 March 2018 by reportable segments are as follows:

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

The segment assets and liabilities as at 31 March 2017 by reportable segments are as follows:

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

Other segment information

For the year ended 31 March 2018:

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

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

For the year ended 31 March 2017:

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

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

5. (LOSS)/PROFIT BEFORE TAXATION

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

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

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the consolidated financial statements for FY2018 as the Company and its subsidiaries either had available losses brought forward from prior years to offset the assessable profits generated during FY2018 or did not generate any assessable profits arising in Hong Kong during FY2018 (FY2017: nil).

7. DIVIDENDS

The Directors proposed a final dividend at a rate equivalent to HK$0.12 or HK12 cents for every 100 shares and is subject to the approval by shareholders at the forthcoming annual general meeting of the Company. The scheduled dividend payment date is 6 November 2018.

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

8. (LOSS)/EARNINGS PER SHARE

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

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

The calculation of diluted earnings per share for the year ended 31 March 2017 was based on the profit for the year attributable to owners of the Company of HK$5,698,000 and the weighted average number of 4,553,633,261 ordinary shares in issue during the year and adjusting for the potential dilutive ordinary shares of 364,219,746 arising from the outstanding warrants granted.

9. LOAN RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Securities dealing and broking services:		
– Secured margin loans *(note 1)*	**89,324**	108,340
Less: Allowance for impairment losses	**(27,916)**	(26,498)
	61,408	81,842
Financing business:		
– Unsecured loans	**11,961**	6,226
– Secured loans	**22,150**	22,825
– Secured mortgage loans *(note 2)*	**165,162**	152,094
Less: Allowance for impairment losses	**(12,229)**	(15,773)
	187,044	165,372
Total	**248,452**	247,214
The Group's loan receivables (net of impairment losses) are analysed into:		
– Non-current assets	**55,039**	75,792
– Current assets	**193,413**	171,422
	248,452	247,214

Notes:

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

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

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

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

10. ACCOUNTS RECEIVABLE

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

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

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

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

11. PROMISSORY NOTE RECEIVABLES

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

The promissory note receivables are regarded as financial assistances to corporations. They bear interest at the rate not exceeding 36% per annum and are repayable on demand.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The available-for-sale financial assets represented the Group's investments in a private company and a fund (the "**Fund**"). When compared to the balance as at 31 March 2017, the increase was mainly due to (i) the fund units consideration the Group received for the disposal of a subsidiary during FY2018; and (ii) the change in fair value of the Group's investment in the Fund.

13. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Full Bright Group

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

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

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

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

(b) Disposal of Brighten Finance Limited

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

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

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

14. ACCOUNTS PAYABLE

	2018	2017
	HK$'000	*HK$'000*
Balance in relation to securities dealing and brokerage services *(note)*	**144,367**	99,628

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.

15. PROMISSORY NOTE PAYABLES

The Group has obtained additional working capital by issuing promissory notes. They bear interest at the rates not exceeding 8% per annum and are repayable within one year.

16. CONTINGENT LIABILITIES

As at 31 March 2018, the Group had no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

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

Review of Operations

Financial Services

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

- *Brokerage*

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

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

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

- *Brokerage Financing*

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

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

- *Corporate Finance*

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

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

- *Asset Management*

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

Mortgage Financing

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

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

Property Development and Investment

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

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

Securities Trading

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

The losses were mainly due to the net unrealized losses of approximately HK$26,482,000 for the Group's investment in a natural resources company (the "**Resources Company**"). The Resources Company is a company listed on the Main Board of the Stock Exchange and is principally engaged in the coalbed methane exploration and development as well as the sale of electronic components and treasury. The decline in the share price of the Resources Company during FY2018 was because of various market factors. However, in the long term, in light of the emphasis on environmental protection and the future demand for natural resources, we believe that the coalbed methane business in which the Resources Company is mainly engaged will have positive prospects in the global market.

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

Prospects

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

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

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

FINANCIAL REVIEW ON LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

Investments in Financial Assets

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

Charges on Group Assets

As at 31 March 2018, time deposits of approximately HK$6,310,000 and investment properties of approximately HK$268,446,000 were pledged to banks to secure the banking facilities that were granted to the Group.

Credit Risk

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

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

Operational Risk

The Group has put in place an effective internal controls system for its operations. Under the brokerage business, monitoring teams comprised of licensed responsible officers registered under the SFO and senior management who have acted in compliance with the SFO, have been set up to monitor the settlement matters of traded financial products and cash, and to provide clients services of the regulated activities. Set out below is the information for the number of responsible officers of the Group for each regulated activity:

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

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

To maintain the professionalism of the Board, three of the Board members are certified public accountants who monitor or advise the Group on internal control matters. Under the mortgage financing business, we had on hand net consolidated mortgage loans of approximately HK$155,219,000 as at 31 March 2018, and customers were satisfied with our services.

Interest Rate Risk

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

Liquidity Risk

The Group's policy is to regularly assess current and expected liquidity requirements and to ensure that it maintains reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements. As at 31 March 2018, the amount of undrawn banking facilities of the Group was approximately HK$51,413,000.

Price Risk

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

Foreign Exchange Exposure

During FY2018, the Group's business activities as well as its assets and liabilities were mainly denominated in Hong Kong dollar, US dollar, New Taiwan dollar and Renminbi. In light of the exchange rate peg between the Hong Kong dollar and US dollar, and the immaterial balance of the assets and liabilities denominated in New Taiwan dollar or Renminbi when compared to the Group's total assets or liabilities, the Group considers its foreign exchange risk immaterial for FY2018. It is the Group's treasury policy to manage its foreign currency exposure to minimise any material financial impact to the Group.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 5 October 2018 to 9 October 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, shareholders of the Company are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 4 October 2018.

CORPORATE GOVERNANCE

Other than the following deviations, the Company has complied with all 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 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 FY2018, the Company convened the annual general meeting (the "**AGM**"). Due to their personal engagements, two INEDs including the Chairman of the Company were unable to attend the AGM.

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 FY2018, they have complied with the required standard as set out in the Model Code.

BONUS ISSUE OF WARRANTS

Bonus Issue of Warrants – 2016

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

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

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

Bonus Issue of Warrants – 2018

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

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during FY2018.

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 FY2018.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

Qualified Opinion

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

Basis for Qualified Opinion

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

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

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

On behalf of the Board
Zhao Qingji
Chairman

Hong Kong, 28 June 2018

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*