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## 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 2022

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 2022 (“**FY2022**”) together with the comparative figures for the year ended 31 March 2021 (“**FY2021**”) as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Turnover</b>		<b>190,278</b>	213,256
Revenue	4	<b>39,302</b>	47,009
Cost of brokerage services		<b>(6,028)</b>	(3,919)
Other income		<b>3,247</b>	3,883
Administrative expenses		<b>(70,133)</b>	(68,114)
Selling and distribution expenses		<b>(2,754)</b>	(4,538)
Change in fair value of investment properties		<b>60,203</b>	(1,155)
Change in fair value of financial assets at fair value through profit or loss (“ <b>FVTPL</b> ”)		<b>(3,883)</b>	(2,299)
(Loss)/Gain on disposal of financial assets at FVTPL		<b>(1,810)</b>	2,950

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Expected credit losses (“ECL”) recognized in respect of loan receivables		<b>(3,730)</b>	(8,089)
ECL recognized in respect of accounts receivable		<b>(364)</b>	(1,387)
ECL recognized in respect of other receivables		<b>(1,125)</b>	(3,846)
Reversal of ECL recognized in respect of loan receivables		<b>187</b>	7,177
Reversal of ECL recognized in respect of accounts receivable		<b>423</b>	629
Reversal of ECL recognized in respect of other receivables		<b>9</b>	390
Finance costs		<b>(6,161)</b>	(7,586)
		<hr/>	<hr/>
<b>Profit/(Loss) before taxation</b>	5	<b>7,383</b>	(38,895)
Income tax credit	6	<b>6</b>	–
		<hr/>	<hr/>
<b>Profit/(Loss) for the year</b>		<b>7,389</b>	(38,895)
		<hr/>	<hr/>
<b>Earnings/(Loss) per share</b>			
– Basic	8	<b>HK\$0.01</b>	(HK\$0.06)
		<hr/> <hr/>	<hr/> <hr/>
– Diluted	8	<b>HK\$0.01</b>	(HK\$0.06)
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March*

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		10,527	33,256
Investment properties		485,500	360,673
Intangible assets		1,500	1,500
Financial asset at FVTPL		6,682	6,497
Loan receivables	9	37,316	34,201
		<u>541,525</u>	<u>436,127</u>
<b>Current assets</b>			
Loan receivables	9	83,049	137,017
Accounts receivable	10	21,545	26,844
Contract asset		–	950
Other receivables, deposits and prepayments		15,584	12,172
Financial asset at fair value through other comprehensive income		–	–
Financial assets at FVTPL		11,827	23,405
Client trust funds		117,098	74,400
Cash and cash equivalents		91,423	114,614
		<u>340,526</u>	<u>389,402</u>
<b>Total assets</b>		<u>882,051</u>	<u>825,529</u>
<b>Current liabilities</b>			
Accounts payable	11	124,933	92,621
Contract liability		–	1,000
Other payables and accruals		16,205	5,329
Promissory note payables	12	25,000	57,650
Loans		192,525	172,555
Lease liabilities		4,946	4,403
		<u>363,609</u>	<u>333,558</u>
<b>Net current (liabilities)/assets</b>		<u>(23,083)</u>	<u>55,844</u>
<b>Total assets less current liabilities</b>		<u>518,442</u>	<u>491,971</u>
<b>Non-current liabilities</b>			
Convertible bonds		21,993	21,213
Promissory note payables	12	10,000	–
Lease liabilities		6,623	437
		<u>38,616</u>	<u>21,650</u>
<b>Net assets</b>		<u>479,826</u>	<u>470,321</u>
<b>EQUITY</b>			
Share capital		70,932	70,189
Reserves		408,894	400,132
<b>Total equity</b>		<u>479,826</u>	<u>470,321</u>

## 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 addresses of the registered office and principal place of business of the Company are Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, 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, insurance brokerage, 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**”).

In preparing the consolidated financial statements of the Group, the Directors have given consideration to the future liquidity of the Group in light of its net current liabilities of approximately HK\$23,083,000 as at 31 March 2022, this indicates a condition which may cast significant doubt about the Group’s ability to continue as a going concern.

The Directors have reviewed the current performance and cash flows forecast prepared by the management as part of their assessment of the Group's ability to continue as a going concern, and after carefully considering the matters described below, the Directors have a reasonable expectation that the Group is able to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its obligations, as and when they fall due, having regard to the following:

- (i) the Group generated net cash inflows from its operating activities of approximately HK\$15,442,000 for the year ended 31 March 2022 and expects to continue to generate sufficient cash flows to meet its liabilities as and when they fall due in the next twelve months;
- (ii) as at 31 March 2022, included in the loans classified as current liabilities of HK\$192,525,000, HK\$140,040,000 represented the amount repayable after one year in accordance with scheduled repayment terms as set out in the loan agreements pursuant to which the lenders have the discretionary rights to demand for immediate repayment from the Group. Having taken into account of the Group's financial position, the Directors believe that it is not probable that the lenders will exercise their discretionary rights to demand for immediate repayment; and
- (iii) the Group has the ability to obtain new financing facilities, to renew its existing financing facilities upon maturity, or to refinance the financing facilities when necessary.

Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

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
- financial assets at FVTPL

It should be noted that accounting estimates and assumptions were 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 usually involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

### 3. NEW AND AMENDED HKFRSs

#### Amended HKFRSs that are effective for annual periods beginning on or after 1 April 2021

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 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

Except for those mentioned 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 HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2” (“Phase 2 Amendments”)*

The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures (“HKFRS 7”).

As at 1 April 2021, the Group had several loans, the interests of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform. The following table shows the total amounts of these outstanding loans at 31 March 2022. The amounts are shown at their carrying balances.

	<i>HK\$'000</i>
Non-derivative financial liabilities	
Loan linked to USD LIBOR	4,671
Loans linked to HIBOR	141,008
	<u>145,679</u>

The amendments have had no impact on the consolidated financial statements as none of the relevant loans have been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for loans measured at amortised cost. Additional disclosures are required by HKFRS 7.

## Issued but not yet effective HKFRSs

At the date of authorization of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018 – 2020 <sup>1</sup>
Accounting Guideline 5 (Revised)	Merge Accounting for Common Control Combinations <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Effective date not yet determined

<sup>4</sup> Effective for business combinations/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Except as disclosed below, the adoption of these new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

### ***Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”***

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 “Making Materiality Judgements” to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies may need to be revised to cope with the above changes, the Directors expect that the amendments have no other material impact on the consolidated financial statement.

#### 4. SEGMENT INFORMATION

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

- the financial services segment provides securities and futures dealing, brokerage financing, corporate finance, asset management and other financing services;
- the mortgage financing segment provides corporate and personal loans that are secured by real properties;
- the insurance brokerage segment engages in insurance brokerage services and acting as a mandatory provident fund intermediary;
- the property development and investment segment engages in property development and letting of properties; and
- the securities trading segment engages in trading of securities and derivative products;

For the purposes of current year's presentation, the segment information of insurance brokerage previously included in unallocated items has been presented as a single segment separately. As such, the comparative figures have been restated accordingly.

##### 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 2022

	Financial services HK\$'000	Mortgage financing HK\$'000	Insurance brokerage HK\$'000	Property development and investment HK\$'000	Securities trading HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment revenues:							
Revenue from external customers	21,760	16,614	815	-	113	-	39,302
Inter-segment revenue	238	-	-	-	-	(238)	-
	<u>21,998</u>	<u>16,614</u>	<u>815</u>	<u>-</u>	<u>113</u>	<u>(238)</u>	<u>39,302</u>
Segment results	(29,428)	7,931	(757)	58,534	(6,586)		29,694
Unallocated income							147
Unallocated expenses							<u>(22,458)</u>
Profit before taxation							<u>7,383</u>

For the year ended 31 March 2021 (Restated)

	Financial services <i>HK\$'000</i>	Mortgage financing <i>HK\$'000</i>	Insurance brokerage <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenues:							
Revenue from external customers	25,001	21,566	–	–	442	–	47,009
Inter-segment revenue	335	–	–	–	–	(335)	–
	<u>25,336</u>	<u>21,566</u>	<u>–</u>	<u>–</u>	<u>442</u>	<u>(335)</u>	<u>47,009</u>
Segment results	(26,502)	13,858	–	(2,510)	274	–	(14,880)
Unallocated income							306
Unallocated expenses							<u>(24,321)</u>
Loss before taxation							<u><u>(38,895)</u></u>

### Segment assets and liabilities

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

#### As at 31 March 2022

	Financial services <i>HK\$'000</i>	Mortgage financing <i>HK\$'000</i>	Insurance brokerage <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment assets	<u>179,884</u>	<u>100,500</u>	<u>1,741</u>	<u>486,639</u>	<u>11,827</u>	<u>101,460</u>	<u>882,051</u>
Segment liabilities	<u>137,956</u>	<u>35,631</u>	<u>230</u>	<u>150,888</u>	<u>14,035</u>	<u>63,485</u>	<u>402,225</u>

#### As at 31 March 2021 (Restated)

	Financial services <i>HK\$'000</i>	Mortgage financing <i>HK\$'000</i>	Insurance brokerage <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment assets	<u>149,132</u>	<u>137,937</u>	<u>–</u>	<u>389,300</u>	<u>23,405</u>	<u>125,755</u>	<u>825,529</u>
Segment liabilities	<u>134,562</u>	<u>24,119</u>	<u>–</u>	<u>144,172</u>	<u>24,035</u>	<u>28,320</u>	<u>355,208</u>

## Other segment information

For the year ended 31 March 2022:

	Financial services HK\$'000	Mortgage financing HK\$'000	Insurance brokerage HK\$'000	Property development and investment HK\$'000	Securities trading HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<b>Amounts included in the measurement of segment profit or loss or segment assets:</b>							
Change in fair value of investment properties	-	-	-	60,203	-	-	60,203
Change in fair value of financial assets at FVTPL	-	-	-	-	(4,024)	141	(3,883)
Loss on disposal of financial assets at FVTPL	-	-	-	-	(1,810)	-	(1,810)
ECL recognized in respect of loan receivables	(3,730)	-	-	-	-	-	(3,730)
ECL recognized in respect of accounts receivable	(364)	-	-	-	-	-	(364)
ECL recognized in respect of other receivables	(1,125)	-	-	-	-	-	(1,125)
Reversal of ECL recognized in respect of loan receivables	187	-	-	-	-	-	187
Reversal of ECL recognized in respect of accounts receivable	423	-	-	-	-	-	423
Reversal of ECL recognized in respect of other receivables	9	-	-	-	-	-	9
Impairment loss on right-of-use assets	(3,927)	-	-	-	-	-	(3,927)
Depreciation – owned assets	(542)	(9)	(4)	(196)	-	(363)	(1,114)
Depreciation – right-of-use assets	(2,785)	(277)	-	-	-	(1,280)	(4,342)
(Loss)/Gain on disposal of property, plant and equipment	-	(18)	-	-	-	135	117
Gain on exchange difference, net	949	-	-	10	-	70	1,029
Additions to non-current assets (note)	11,582	564	-	35,873	-	1,826	49,845
<b>Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss or segment assets</b>							
Interest income	-	-	-	-	-	73	73
Finance costs	(170)	(6)	-	-	-	(5,985)	(6,161)
Income tax credit	6	-	-	-	-	-	6

Note: The amounts exclude the additions to loan receivables and financial assets at FVTPL.

For the year ended 31 March 2021 (Restated):

	Financial services HK\$'000	Mortgage financing HK\$'000	Insurance brokerage HK\$'000	Property development and investment HK\$'000	Securities trading HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<b>Amounts included in the measurement of segment profit or loss or segment assets:</b>							
Change in fair value of investment properties	-	-	-	(1,155)	-	-	(1,155)
Change in fair value of financial assets at FVTPL	-	-	-	-	(2,517)	218	(2,299)
Gain on disposal of financial assets at FVTPL	-	-	-	-	2,950	-	2,950
ECL recognized in respect of loan receivables	(4,639)	(3,450)	-	-	-	-	(8,089)
ECL recognized in respect of accounts receivable	(1,387)	-	-	-	-	-	(1,387)
ECL recognized in respect of other receivables	(3,733)	(113)	-	-	-	-	(3,846)
Reversal of ECL recognized in respect of loan receivables	2,664	4,513	-	-	-	-	7,177
Reversal of ECL recognized in respect of accounts receivable	629	-	-	-	-	-	629
Reversal of ECL recognized in respect of other receivables	-	390	-	-	-	-	390
Bad debt recovery for loan receivables	96	-	-	-	-	-	96
Impairment loss on right-of-use assets	(1,656)	-	-	-	-	-	(1,656)
Depreciation – owned assets	(795)	(26)	-	(192)	-	(161)	(1,174)
Depreciation – right-of-use assets	(5,022)	(277)	-	-	-	(1,304)	(6,603)
Loss on disposal of property, plant and equipment	(31)	-	-	-	-	(29)	(60)
Gain/(Loss) on exchange difference, net	357	-	-	(9)	-	7	355
Additions to non-current assets (note)	555	-	-	16,224	-	4,421	21,200
<b>Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:</b>							
Interest income	-	-	-	-	-	151	151
Finance costs	(236)	(16)	-	-	-	(7,334)	(7,586)

*Note:* The amounts exclude the additions to loan receivables and financial assets at FVTPL.

## 5. PROFIT/(LOSS) BEFORE TAXATION

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Staff costs (including Directors' emolument):		
– salaries, allowances and other benefits	38,960	35,789
– retirement benefit scheme contributions	1,172	1,253
Auditor's remuneration	830	830
Bad debt written off	106	28
Depreciation		
– owned assets	1,114	1,174
– right-of-use assets	4,342	6,603
Gain on exchange difference, net	(1,029)	(355)
(Gain)/Loss on disposal of property, plant and equipment	(117)	60
Impairment loss on right-of-use assets	3,927	1,656
Lease payments for short-term leases	279	225
	27,272	27,272

## 6. INCOME TAX CREDIT

No provision for Hong Kong profits tax has been provided in the consolidated financial statements for the years ended 31 March 2022 and 2021 as the Company and its subsidiaries either has available losses brought forward from prior years to offset the assessable profits generated during the year or did not generate any assessable profits arising in Hong Kong during the year.

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying entities will be taxed at 8.25%, and the assessable profits above HK\$2,000,000 will be taxed at 16.5%.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
Hong Kong profits tax		
– Current year	–	–
– Over provision in respect of prior year	(6)	–
	(6)	–

## **7. DIVIDENDS**

The Directors did not propose the payment of a final dividend for FY2022.

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.

## **8. EARNINGS/(LOSS) PER SHARE**

The calculation of basic earnings per share (2021: loss per share) was based on the profit for the year attributable to the owners of the Company of HK\$7,389,000 (2021: loss of HK\$38,895,000) and the weighted average number of 703,533,107 ordinary shares (2021: 662,615,885 ordinary shares) in issue during the year ended 31 March 2022.

The calculation of diluted earnings per share for the year ended 31 March 2022 was based on the profit for the year attributable to the owners of the Company of HK\$7,389,000 and the weighted average number of 703,533,107 ordinary shares in issue during the year and adjusting for the potential dilutive ordinary shares of 2,994,516 arising from the outstanding warrants granted. The computation of diluted earnings per share has not assumed the conversion of the Company's convertible bonds since the conversion would result in an increase in earnings per share. Also, it has not assumed the exercise of share options, since the exercise price for the share options was higher than the average market price of the shares in issue.

Diluted loss per share for the year ended 31 March 2021 was the same as the basic loss per share. The computation of diluted loss per share has not assumed the exercise or conversion of the Company's outstanding warrants or convertible bonds since the exercise or conversion would result in a decrease in loss per share. Also, it has not assumed the exercise of share options, since the exercise price for the share options was higher than the average market price of the shares in issue.

## 9. LOAN RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Securities dealing and broking services:		
– Secured margin loans ( <i>note 1</i> )	25,031	30,010
Less: ECL allowance	<u>(1,691)</u>	<u>(1,717)</u>
	<u>23,340</u>	<u>28,293</u>
Financing business:		
– Secured mortgage loans ( <i>note 2</i> )	96,278	137,767
– Secured loans	2,922	2,923
– Unsecured loans	13,987	14,829
Less: ECL allowance	<u>(16,162)</u>	<u>(12,594)</u>
	----- 97,025	----- 142,925
	<u>120,365</u>	<u>171,218</u>
The Group's loan receivables (net of ECL allowance) are analysed into:		
– Non-current assets	37,316	34,201
– Current assets	<u>83,049</u>	<u>137,017</u>
	<u>120,365</u>	<u>171,218</u>

### Notes:

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

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Financing business:		
Within 6 months	50,786	68,967
Over 6 months but not more than 1 year	22,280	55,224
Over 1 year	<u>23,959</u>	<u>18,734</u>
	<u>97,025</u>	<u>142,925</u>

## 10. ACCOUNTS RECEIVABLE

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accounts receivable	<b>24,174</b>	32,791
Less: ECL allowance	<b>(2,629)</b>	(5,947)
	<hr/>	<hr/>
Total	<b>21,545</b>	26,844
	<hr/>	<hr/>
Balance relating to:		
– Securities and futures dealing and brokerage services	<b>21,439</b>	26,459
– Others	<b>106</b>	385
	<hr/>	<hr/>
	<b>21,545</b>	26,844
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 6 months	<b>19,375</b>	26,596
Over 6 months but not more than 1 year	<b>1,752</b>	185
Over 1 year	<b>418</b>	63
	<hr/>	<hr/>
	<b>21,545</b>	26,844
	<hr/> <hr/>	<hr/> <hr/>

## 11. ACCOUNTS PAYABLE

Accounts payable are in relation to the securities and futures dealing and brokerage services and 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 and futures dealing and brokerage services.

As at 31 March 2022 and 2021, accounts payable are interest-bearing at the bank deposit savings rate per annum.

As at 31 March 2022 and 2021, the Group's accounts payable that were not denominated in the functional currency of the respective group entities were as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
US dollar	<b>41,223</b>	16,161
New Taiwan dollar	<b>27,658</b>	11,024
Renminbi	<b>519</b>	141
Canadian dollar	<b>27</b>	–
Great British Pound	<b>2</b>	1
	<hr/> <hr/>	<hr/> <hr/>

## 12. PROMISSORY NOTE PAYABLES

As at 31 March 2022, the promissory notes bore interest at the range from 5% to 8% (2021:4% to 8%) per annum and were repayable as follows:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within one year	<b>25,000</b>	57,650
After one year but within two years	<b>10,000</b>	–
	<hr/>	<hr/>
	<b>35,000</b>	57,650
Less: Repayable within one year	<b>(25,000)</b>	(57,650)
	<hr/>	<hr/>
Carrying amount shown under non-current liabilities	<b>10,000</b>	–
	<hr/> <hr/>	<hr/> <hr/>

## 13. CONTINGENT LIABILITIES

As at 31 March 2022, the Group had no material contingent liabilities.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

#### **FY2022 Results**

In FY2022, the Group achieved a turnover of approximately HK\$190,278,000 (FY2021: approximately HK\$213,256,000), and recorded a profit of approximately HK\$7,389,000 for FY2022 (FY2021: a loss of approximately HK\$38,895,000).

#### **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 FY2022, the supply chain disruptions as well as the rise in commodity and oil prices had driven up global inflation and had led to the hike of interest rate in the US as the US government used monetary tightening policy to tame inflation by increasing its interest rate. One of the results of this higher interest rate was that it had a dampening effect on stock prices. In Hong Kong, the Hang Seng Index, which experienced sharp volatility during FY2022, had reached its peak of 29,490 on 2 June 2021, fell to its lowest of 18,235 on 15 March 2022, and closed at 21,996 at 31 March 2022.

Benefiting from the effective control of COVID-19 in the second half of 2021, coupled with the support of the government’s relief measures, Hong Kong regained its economic strength and the unemployment rate had improved to 3.9%. The Group had a good momentum in its stock brokerage business during this period of time. However, the outbreak of the fifth wave of COVID-19 in Hong Kong during the first quarter of 2022 had again affected market sentiment as well as the Group’s brokerage business as our retail clients conducted less securities trading during this outbreak period.

During the outbreak of the fifth wave of COVID-19, we put the health of our staff at the highest priority by implementing our work-from-home arrangement to reduce cross infections. With our predetermined back-up plan to deal with the anticipated outbreak and our well-developed online trading platform, our brokerage business ran smoothly and effectively throughout the year.

The Group is already an eligible participant of both the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect to provide its clients the key channels to make their investments in China A-shares. In October 2021, the Stock Exchange also launched MSCI China A 50 Connect Index Futures contract, providing an efficient risk management tool for investors to manage their Stock Connect China A-shares equity exposure. With our commitment to provide clients comprehensive financial services, the Group has fine-tuned its operational flow to allow clients to subscribe for such contracts to hedge their investments in China A-shares through the Stock Connects. In order to attract new clients, the Group would continue to provide its clients more value-added brokerage services to adapt to the rapidly changing stock market. During FY2022, we managed the securities dealing turnover of HK\$7.4 billion.

- *Brokerage Financing*

We offer our clients brokerage financing services for investment in stocks as well as for subscribing for new shares in initial public offerings. To facilitate our clients' placement of their orders through our online trading platform, our brokerage financing service has been extended to our selected online margin and cash clients. We are committed to implementing effective credit control procedures and have complied with the tightened margin-financing rules required by the SFC.

As at 31 March 2022, the net balance for the brokerage financing business stood at approximately HK\$35,670,000. Due to the decrease in interest income from the IPO financing, the interest income arising from brokerage loans including IPO loans has dropped by 18.6% in FY2022. In FY2022, we managed to maintain a healthy brokerage loan portfolio. Thanks to such effective credit policy, the bad debt provision for our brokerage financing business was kept at an immaterial level.

- *Corporate Finance*

The Group's corporate finance services comprise of acting as a sponsor for initial public offerings, acting as financial advisor and compliance advisor for listed companies, and assisting clients to raise funds in the equity and debt capital markets.

The regulatory clampdown on technology companies in Mainland China had a dampening effect on the fundraising activities of Hong Kong listed companies in the second half of 2021. This had adversely affected Hong Kong's worldwide ranking in IPOs as shown by the territory's drop to become the fourth largest IPO market for the year 2021. However, we believe that in the future, Hong Kong will maintain its enviable position as one of the top IPO markets in the world. During FY2022, our corporate finance division continued to be engaged by a number of its corporate finance clients to act as a financial adviser or an independent financial adviser in advising on corporate finance transactions and compliance with listing rules.

Thanks to the strong business relationships that we have built over the years with other broker firms and financial companies, in FY2022, we were fortunate to have participated in certain placing, underwriting and sub-underwriting activities for our clients in the equity capital market. In the near future, we believe that the economic recovery following the effective control of COVID-19 would offer the Group the favourable environment for developing its corporate finance business.

- *Asset Management*

As a wealth management service provider, our professionals in the wealth management division will, based on each client's own unique investment needs and goals, provide our clients attractive, tailor-made investment solutions, which would allow clients to diversify their investments, minimize their investment risks, and obtain a competitive return on their investments.

With the launch of the Wealth Management Connect in September 2021, the Chinese mainland's financial market will be further opened up with deepening economic integration within the Greater Bay Area including Hong Kong. Once the border between the Chinese mainland and Hong Kong reopens in the future, the Group plans to utilize its Jiangmen office in Guangdong Province to capitalize on the attractive business opportunities arising from the increasing population of high net worth investors in the Greater Bay Area.

### *Mortgage Financing*

The Group's mortgage financing arm Ever-Long Finance Limited is a reputable money lending service provider that is registered under the Money Lenders Ordinance. During FY2022, the persistently high inflation in the United States and the increased geopolitical tension have caused significant volatility in financial markets. Furthermore, the expectation of interest rate hikes in Hong Kong had impacted the property market sentiment in Hong Kong. Also, COVID-19, in particular the fifth wave of the epidemic, has again impacted the Hong Kong economy. To minimize our exposure to such high uncertainty, during FY2022, the Group has strategically adjusted downward the size of its mortgage loan portfolio with a view to maintain a healthy portfolio. We believe that it is our first priority to preserve our financial strength so that we can enhance our resilience when we are faced with market volatility.

As at 31 March 2022, the consolidated loan balance under the mortgage financing segment of the Group was approximately HK\$93,023,000. The interest income for this segment was HK\$16,614,000 for FY2022. We continued to adopt a prudent and cautious approach in running our mortgage financing business by maintaining the loan-to-value ratio for new loan drawdowns at a conservative level. Thanks to such measures, the Group's bad debt provision remained at an immaterial percentage to its loan portfolio.

### ***Insurance Brokerage***

Our insurance brokerage company, registered with the Insurance Authority, had possessed delegation agreements with various reputable insurance companies in Hong Kong. By virtue of such cooperative agreements, we were able to provide our clients life insurance products and services and general insurance products and services, as well as acting as a mandatory provident fund (MPF) intermediary. In addition, we expect that our insurance brokerage segment would have a synergistic effect with our asset management segment as the technical representatives of our insurance brokerage company would assist our asset management arm in promoting the financial products and services of the Group's wealth management business.

During FY2022, the number of technical representatives of the insurance brokerage segment has increased from 4 to 9.

### ***Property Development and Investment***

During FY2022, we have completed the redevelopment project at Fei Ngo Shan Road, Hong Kong (the "**Fei Ngo Shan Property**"). The Fei Ngo Shan Property with a gross site area of more than 16,000 square feet is located at the low-density luxury section. As this redevelopment project has now completed, we plan to rent out this property, and thus, we expect that this property will provide the Group a stable source of rental income in the future. In addition, the Group holds another residential property in Sai Kung, Hong Kong. As at 31 March 2022, the combined carrying value of the Group's investment properties was approximately HK\$485,500,000.

### ***Securities Trading***

As at 31 March 2022, the Group held a portfolio of listed securities investments consisting of 31 securities, which were engaged in the sectors of (i) consumer discretionary; (ii) information technology; (iii) financials; (iv) funds; (v) utilities; and (vi) others. The net realized and unrealized losses were HK\$1,810,000 and HK\$4,024,000 respectively.

### ***Prospects***

China recorded an increase in gross domestic product of 4.8% for the first quarter of the 2022 calendar year amid the domestic COVID-19 outbreak and geopolitical uncertainties. Nevertheless, China's authorities remain optimistic and would continue to create a supportive environment for foreign investors for further investment. Hong Kong will continue to serve as a gateway for foreign companies to invest in Mainland China. Since the official launch of the Shanghai-Hong Kong Stock Connect in 2014, the mutual equity market access between the Chinese mainland and Hong Kong was further enhanced. Nowadays, the majority of overseas investments in China A-shares are through the Stock Connects. The Group's securities broking firm, Ever-Long Securities

Company Limited, is a Stock Connect service provider and would benefit from the growth of the Chinese mainland's economy and its attraction to international capital inflows through the Stock Connects.

With the recent launch of the Wealth Management Connect Scheme in September 2021, this would further enhance Hong Kong's status as an international asset management center, and would be beneficial to the Group's asset management business. With the increasing population of high net worth investors in Mainland China, in particular, the Greater Bay Area, the demand for investment products of Hong Kong and overseas markets is expected to keep rising. In addition to the asset management service, we believe the reopening of the border between Mainland China and Hong Kong in the foreseeable future would also provide the Group the opportunity to promote its insurance brokerage products to potential clients on the Chinese mainland.

To stimulate the Hong Kong economy and encourage consumer spending, the HKSAR Government rolled out a series of new stimulus measures, including the Consumption Voucher Scheme. This stimulus measure, in conjunction with the gradual easing of social distancing rules commencing from April 2022, is expected to boost local spending, accelerate the territory's economic recovery, and improve its unemployment rate. We expect these measures to have a positive spillover effect onto our business by helping to reduce the credit risk of our mortgage financing business.

Despite the COVID-19 outbreak, we observed that the Hong Kong property market has remained relatively stable. Even though the US Federal Reserve has begun to raise interest rate in the US, the interest rate in Hong Kong may not necessarily rise with the USD interest rate immediately. Nevertheless, the Group would closely monitor the effect of interest rate hikes on the valuation of the Group's investment properties, and the impact that rising interest rates may have on the Group's securities trading business.

## **FINANCIAL REVIEW ON LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 March 2022, the Group's net asset value was approximately HK\$479,826,000 (FY2021: approximately HK\$470,321,000) and cash at bank and in hand totaled approximately HK\$91,423,000 of which approximately 94% was held in Hong Kong dollar, approximately 5% in US dollar, and approximately 1% in Renminbi (FY2021: approximately HK\$114,614,000).

As at 31 March 2022, the Group's borrowings including loans, convertible bonds, promissory note payables and lease liabilities amounted to approximately HK\$261,087,000 (FY2021: approximately HK\$256,258,000) of which approximately HK\$82,431,000 (FY2021: HK\$100,933,000) was repayable within one year. The gearing ratio for FY2022, being the ratio of total borrowings to the shareholders' fund, was about 0.54 (FY2021: 0.54).

## **Investments in Financial Assets**

As at 31 March 2022, the Group held a portfolio of listed securities with fair value of approximately HK\$11,827,000 (FY2021: approximately HK\$23,405,000). The Group will continue to adopt a prudent approach for its investments in financial assets.

## **Charges on Group Assets**

As at 31 March 2022, the Group's investment properties of approximately HK\$485,500,000 (FY2021: approximately HK\$360,673,000) and a life insurance policy of HK\$6,682,000 (FY2021: HK\$6,497,000) 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”). Brokerage financing loans are granted to customers based on their individual assessment of financial status, repayment records and the liquidity of collaterals placed by them. The applicable interest rate charged to customers will be determined based on these factors. Generally, margin loans will be demanded for repayment once a customer fails to maintain the maintenance margin, or fails to repay the loan or any sum that is due to the Group.

For the mortgage financing business, mortgage loans are 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.

For the insurance brokerage business, clients are required to pay premiums or fees to insurance companies directly, and the technical representatives of the Group would follow up on clients' payment status to ensure that their payments are made on time to the insurance companies.

## Compliance and Operational Risks

The Group has put in place effective internal control systems for its operations. Under the financial services businesses, the relevant monitoring teams comprised of licensed responsible officers registered under the SFO and the 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. As at 31 March 2022, the number of responsible officers of the Group registered under the SFO for each regulated activity under the financial services segment were as follows:

Type of License	Regulated activity	Number of responsible officers
Type 1	Dealing in securities	4
Type 2	Dealing in futures contracts	2
Type 4	Advising on securities	3
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 FY2022, the financial services operation of the Group had complied with the SFO. Clients were satisfied with our services.

Under the mortgage financing business, we had net consolidated mortgage loans of approximately HK\$93,023,000 as at 31 March 2022, and the operation had complied with the Money Lenders Ordinance and the applicable guidelines.

Under the insurance brokerage business, the responsible officer and the technical representatives are registered under the Insurance Ordinance, and they are required to act in compliance with that ordinance.

## Interest Rate Risk

During FY2022, the Group's borrowings bore interest at either fixed interest rates or floating interest rates. 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 of the Group and to ensure that it maintains reserves of cash, readily realizable marketable securities and adequate committed lines of funding from financial institutions to meet its liquidity requirements. As at 31 March 2022, the amount of undrawn banking facilities of the Group was approximately HK\$29,385,000.

## **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 in listed shares 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 FY2022, 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 (i) the exchange rate peg between the Hong Kong dollar and US dollar; (ii) the offset each other for assets and liabilities that were denominated in New Taiwan dollar; and (iii) the immaterial balance of assets or liabilities denominated in Renminbi when compared to the Group's total assets or liabilities, the Group considers its foreign exchange risk immaterial for FY2022. It is the Group's treasury policy to manage its foreign currency exposure to minimize any material financial impact to the Group.

## **MATERIAL ACQUISITION AND DISPOSAL**

During FY2022, the Group did not make any material acquisitions or disposals.

## CORPORATE GOVERNANCE

Other than the following deviation, the Company has complied with all of the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules.

According to the code provision C.5.1 of Part 2 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. Due to the outbreak of the fifth wave of COVID-19, the holding of the fourth regular Board meeting for FY2022 was postponed until April 2022.

## 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 FY2022, they have complied with the required standard as set out in the Model Code.

## BONUS ISSUE OF WARRANTS

On 23 December 2020, the Board proposed a new issue of bonus warrants to the shareholders on the basis of 1 warrant for every 5 shares (the “**Bonus Issue of Warrants**”). For details of the Bonus Issue of Warrants, please refer to the announcement of the Company dated 23 December 2020 (the “**Announcement**”). On 26 January 2021, the shareholders approved the Bonus Issue of Warrants, pursuant to which 138,997,618 warrants were issued. The initial subscription price was HK\$0.285 and the subscription period was from 17 February 2021 to 16 February 2022 (both days inclusive). Full exercise of the subscription rights attaching to the 138,997,618 warrants would result in the issue of 138,997,618 new shares. Details of the exercise of Bonus Issue of Warrants are set out as follows:

	<b>Number of warrants</b>	<b>Amount HK\$'000</b>
Warrants issued	138,997,618	39,614
Warrants exercised during FY2021	<u>(6,903,498)</u>	<u>(1,967)</u>
At 31 March 2021	132,094,120	37,647
Warrants exercised during FY2022	<u>(7,423,425)</u>	<u>(2,116)</u>
Balance of warrants lapsed	<u><u>124,670,695</u></u>	<u><u>35,531</u></u>

As disclosed in the Announcement, the Group would apply any subscription monies received as and when the subscription rights were exercised (the “**Subscription Monies**”) for the administrative expenses, and the financing or funding principal activities of the Group. As at 31 March 2022, all Subscription Monies has been applied for the purpose of financing and funding the Group’s principal activities and administrative expenses.

## **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 FY2022.

## **SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED (“GRANT THORNTON”)**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto as set out in the preliminary announcement have been agreed by the Group’s auditor, Grant Thornton, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Grant Thornton in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton on the preliminary announcement.

## **REVIEW OF ACCOUNTS**

The Company has an audit committee comprising three independent non-executive Directors (“**INEDs**”), namely, Mr. Lo Tsz Fung Philip, Mr. Li Hancheng and Ms. Ling Sui Ngor. The audit committee has reviewed the Group’s annual results for FY2022.

## **EXTRACT FROM INDEPENDENT AUDITOR’S REPORT**

The following is an extract of the independent auditor’s report on the Group’s audited consolidated financial statements for the year ended 31 March 2022. The report includes an emphasis of matter, without qualification.

## Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, 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 the Hong Kong Companies Ordinance.

## Material Uncertainty Relating to Going Concern

We draw attention to Note 2.1 to the consolidated financial statements, which indicate that the Group had net current liabilities of approximately HK\$23,083,000 as at 31 March 2022. This condition, along with other matters as set forth in the Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

On behalf of the Board  
**Li Hancheng**  
*Non-executive Chairman*

Hong Kong, 29 June 2022

*As at the date of this announcement, the Board comprises two executive Directors Mr. Cheung Hoo Win and Mr. Ng Yiu Chuen and three INEDs Mr. Li Hancheng, Mr. Lo Tsz Fung Philip and Ms. Ling Sui Ngor.*

\* *For identification purpose only*