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

金融服務
LOOKING FORWARD

創立於1977年
Established in 1977

2016/17 ANNUAL REPORT 年報

CONTENTS

Looking forward in our

FINANCIAL SERVICES BUSINESS

We think ahead to stay ahead. In our financial services business, we think ahead to provide forward-thinking financial solutions to our customers. We offer a comprehensive suite of quality financial services to our customers encompassing securities broking, brokerage financing, corporate finance, and asset management. With our forward-thinking culture, high level of expertise and professionalism in financial services, we have maintained a strong foothold in the market.

Looking forward in our

MORTGAGE FINANCING BUSINESS

Mortgage financing is one of our core strengths. To propel our mortgage financing business to a higher stage of growth, we are always thinking ahead to provide attractive and competitive mortgage loan products and services that are well suited for our clients.

Looking forward in our

PROPERTY DEVELOPMENT AND INVESTMENT BUSINESS

To stay ahead in our property development and investment business, we think ahead and plan ahead. We are intensely focused on creating significant value for shareholders via property development and investment. Our property team members apply their forward thinking, insights, expertise and deep knowledge of the Hong Kong property market to generate prosperity for the Group.

Our Core Businesses

Securities Brokerage

- Provide stock brokerage services to individual, corporate and institutional clients.
- Provide stock brokerage services for Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect transactions.
- Provide stock brokerage services to customers to subscribe for shares that are listed in the U.S., Australia, Canada, Germany, United Kingdom and most of the Asian markets.

Brokerage Financing

- Provide brokerage financing services to individual, corporate and institutional clients for trading stocks and other listed securities, and for subscribing to new shares in initial public offerings ("**IPOs**").
- Provide margin loans to qualifying online stock trading clients.

Corporate Finance

- Act as the sole sponsor for IPO clients.
- Provide financial advisory services.
- Provide equity financing solutions such as new share placements and IPOs.
- Provide debt financing solutions.
- Act as the co-manager, placing agent or underwriter for corporate financing clients.

Asset Management

- Help clients develop and manage a well-diversified, carefully selected basket of investments.
- Help clients obtain a competitive return on their investments.
- Provide tailor-made asset management solutions to clients according to their investment profile and goals.

Mortgage Financing

- Provide loans to individuals, corporations and institutions that are secured by real estate collaterals.
- Focus on first-mortgage and second-mortgage loans.
- Offer customers attractive interest rates to help them meet their budgets.

Property Development & Investment

- Investment in residential and commercial properties.
- Development of a residential property.
- Focus on properties with a good rental yield and good appreciation prospects.

Chairman's Statement

Dear Shareholders and Warrant Holders,

It is an honor for me to present to you our annual report for the year ended 31 March 2017 ("**FY2017**").

FY2017 was a noteworthy year for the Styland Group. During the year, the Group recorded an increase in turnover of 19% and obtained the qualification to act as a sponsor for IPOs. Cash balance for the year also increased significantly by 31% when compared to last year, and the Group achieved a turnaround in its bottom line.

The financial services business and mortgage financing business are the Group's core businesses. We have been granted the licenses by the Securities and Futures Commission (the "**SFC**") to carry out four regulated activities, namely Type 1 (Dealing in Securities), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management). Together with the brokerage financing services, we are able to provide our clients a one-stop service.

During the year, the Group had committed to its social responsibilities by making continuous contributions to the environment, society and the occupational safety and health of its employees.

REWARDED SHAREHOLDERS

During the year, the Company paid an interim dividend to qualified shareholders at the rate equivalent to HK10 cents for every 100 shares of the Company.

Moreover, the Board of Directors also conducted a bonus issue of warrants, which granted qualified shareholders one warrant for every five shares held.

In addition to the interim dividend and bonus warrants issue, the Group also distributed wine to shareholders during Christmas season to express our deepest gratitude to all shareholders.

SPONSOR BUSINESS

During FY2017, after obtaining the qualification to act as a sponsor for IPOs, we commenced the sponsor business and recorded encouraging preliminary results which brought in considerable revenue for the Group. Looking ahead, in view of boosting market share, we plan to establish promotional plans and activities to expand our customer base. Owing to the economic development and flourishing enterprises in China and Hong Kong, the number of listing applicants will continue to increase and the demand for sponsor services is also expected to increase.

EXPANDING OUR FINANCIAL SERVICES

Given the importance of revenue derived from the financial services business to the Group's performance, we strived to explore new businesses to strengthen its profitability, and at the same time, we pursued to enhance our competitiveness in the market as well as increase our market share. After obtaining the qualification to act as a sponsor, the Group had further applied to the SFC for the license in relation to Type 2 (Dealing in Futures Contracts) regulated activity in FY2017 with a view to providing more comprehensive financial services to customers in the near future.

EXPLORING NEW INVESTMENT OPPORTUNITIES

The Group is continually exploring new business development opportunities. Riding on the strength of the experienced management of finance professionals from bulge bracket investment banks, the Group, through its subsidiary Brighten Management Limited, plans to make strategic investments into startups and high growth companies, and through securitisation techniques, the Group may minimise its risks and maximise its returns for the investments. We believe these investment activities would diversify our sources of income and contribute a good profit to the Group in the foreseeable future.

CHAIRMAN'S STATEMENT

LONG-TERM DEVELOPMENT

Our plan has been devised for achieving a healthy growth in the new environment of the future rather than just for survival. This is the goal that the Styland Group is working hard to pursue. Looking ahead, the Styland Group is well positioned to seize growth opportunities. Given China's national strategic plan to build a Guangdong-Hong Kong-Macau Greater Bay Area, we expect that this will lead to new growth opportunities for our financial services business. This new economic zone is expected to drive economic development in southern China, which is good news for us. With Hong Kong's integration with Mainland China under this national strategic plan, we believe the Guangdong-Hong Kong-Macau Greater Bay Area will not only boost Hong Kong's economic development, but also elevate the Group's position in Hong Kong and the world stage.

A BIG 'THANK YOU'

On behalf of the Styland Group, I would like to extend a big thank you to all of our shareholders for believing in us. I assure you, our dearest shareholders and warrant holders, we have your best interests in mind. As a good corporate citizen, we will continue to act with the highest degree of integrity and transparency.

I applaud our employees for their valued contributions to the Group. It was our employees' good work and ingeniousness that enabled the Group to achieve the successes it has accumulated over the years.

We at the Styland Group will continue to build on our greatest strengths to create that sterling string of successes that you, our dearest shareholders and warrants holders, will be proud of.

Zhao Qingji
Chairman

Hong Kong, 23 June 2017

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS

FY2017 Results

In FY2017, the Group achieved a turnover of approximately HK$236,638,000 representing an increase of 19% when compared to that in the year ended 31 March 2016 ("FY2016"). The Group also wishes to highlight that it has turned the loss that the Group recorded in FY2016 into a profit in FY2017.

Review of Operations

Financial Services

One of the Group's core businesses is financial services. We have been granted the licenses by SFC to carry out four regulated activities, namely Type 1 (Dealing in Securities), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management). The Group also provides brokerage financing. In order to provide our clients a comprehensive range of financial services, we have also lodged an application to the SFC to obtain Type 2 regulated service license (Dealing in Futures Contracts).

MANAGEMENT DISCUSSION AND ANALYSIS

- *Securities Brokerage*

  During the first half of FY2017, the global events have impacted market performance and confidence, which have resulted in a drop in the overall market turnover. Following the end of the US presidential election, together with its improvement in GDP growth rate and unemployment figures, the market sentiment had improved in the fourth quarter of FY2017. The Hang Seng Index stably increased from the opening index of 20,777 points on 1 April 2016 to the closing index of 24,112 points on 31 March 2017. The Group benefited from such market recovery. The Group's average daily turnover for the fourth quarter of FY2017 had increased by 15% compared to that in the first three quarters.

  To adapt to technology trends and to satisfy the needs of our clients who prefer to carry out their trades online, we already have an existing mobile application that enables our clients to make transactions online via their mobile devices. To make it convenient for more clients to place their orders via our online trading platform so as to increase the revenue of the Group, in FY2017, we have further endeavored to develop another user-friendly online trading platform under a different application model.

  Nowadays, a growing number of investors are interested in making investments in global financial products. As such, we have provided our clients connections to various overseas stock markets. Other than Hong Kong shares, our clients, through our online trading system, may subscribe for shares that are listed in the US, Australia, Canada, Germany, United Kingdom and most of the Asian markets. In order to increase our market share, we will continue to explore more financial markets around the globe to augment our line of global financial products for clients.

- *Brokerage Financing*
  Thanks to our effective management of our working capital, we were able to provide our clients sufficient financial assistance to trade in stocks and other listed securities, as well as to subscribe for new shares in IPOs. In addition, we provided them with reasonable margin ratios as well as competitive interest rates and commission fees. As at 31 March 2017, the balance of loans under the brokerage business stood at approximately HK$113,729,000, representing an increase of 60% from the closing balance of FY2016. The brokerage loan interest income for FY2017 was approximately HK$11,929,000, an increase of 29% when compared to that in FY2016.

  Reaping the benefit of our effective credit control procedures, the bad debt provision that we recorded for FY2017 was still at a relatively low level even though the Group provided brokerage financing services to online clients and recorded a growth of loan balance.

- *Corporate Finance*
  During FY2017, the revenue contributed by the Group's corporate finance business increased significantly, which was mainly brought about by its high-quality services in equity financing, debt financing and financial advisory.

  To diversify our marketing channels, we have also co-operated with other experienced market participants in developing our corporate finance services. During FY2017, we engaged in a number of corporate finance deals including acting as the placing agent for the placement of new shares and acting as the underwriter to underwrite deals. Furthermore, in FY2017, we were appointed by a number of IPOs clients to act as their sole sponsor, which encompassed helping them with their IPO applications and preparing them for their IPOs. Coupled with the underwriting and placement of new shares, we believe our corporate finance business will continue to be an important source of income for the Group.

- *Asset Management*
  The Group is equipped with professionals in the asset management field to provide clients tailor-made financial products. During FY2017, the Group has set up three funds with different investment solutions so as to fit our clients' diverse investment targets. Benefitting from the reform of the PRC's financial market, mainland investors are keen on exploring investment opportunities overseas. We believe the cross-border financial activities will continue to flourish in the future, and we expect this will provide us a good opportunity to capture more business in our asset management segment.

Mortgage Financing

During FY2017, the Hong Kong property market witnessed a rise in its volume of transactions as well as escalating property prices, which boosted the demand for mortgage financing. However, the Hong Kong property market has been surrounded by various uncertainties, including the anticipated rise of interest rates, which might impact the property market. In light of such a market environment, we have enhanced our credit policy with a view to lowering our operational risks. In FY2017, we have continued to focus on first-mortgage and second-mortgage loans that are backed with sound credit ability. This is congruent with our existing business strategy of building a high-quality mortgage loan portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS

To ensure better protection of borrowers and to enhance transparency and disclosure, the HKSAR government imposed additional guidelines on money lending businesses in the HKSAR with effect from 1 December 2016. Our money lending vehicle, Ever-Long Finance Limited, incorporated in 1993, is a reputable company in the territory. We believe that we have complied with those new guidelines. It can be observed that the implementation of the new guidelines has improved the market environment of mortgage financing as well as brought about a healthier position of our mortgage loan portfolio. As at 31 March 2017, the net consolidated loan portfolio was approximately HK$142,472,000 while the interest income for FY2017 was approximately HK$29,244,000.

Property Development and Investment

The investment properties of the Group comprise of a commercial property located at Des Voeux Road Central (the "**Central Property**"), a premium residential property in Sai Kung and a redevelopment project located at the prime location of Fei Ngo Shan Road. As at 31 March 2017, the total market value of our investment properties amounted to HK$354,000,000.

In light of the beginning of the Fed's rate-hike cycle in the US, the Group believed that it was a suitable time to adjust its portfolio of investment properties. As such, on 24 March 2017, the Group entered into a provisional conditional sale and purchase agreement to dispose its Central Property at the consideration of HK$108,000,000. With respect to the Group's redevelopment project at Fei Ngo Shan Road, in FY2017, the site formation and foundation works were already underway. The redevelopment of this Fei Ngo Shan property is expected to be completed by 2017.

Securities Trading

As at 31 March 2017, the Group held securities investments in 20 securities in total, which were engaged in the sectors of (i) natural resources; (ii) consumer goods; (iii) information technology; (iv) industrials; (v) properties and construction; (vi) banks; and (vii) others. During FY2017, the investment portfolio recorded an aggregate net unrealised loss of approximately HK$33,707,000, which was mainly due to the influence of the stock market in Hong Kong and the global economic environment.

Out of those unrealised losses, approximately HK$31,269,000 was attributable to the investment in a natural resources company (the "**Resources Company**"). The Resources Company is a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and is principally engaged in the coalbed methane gas exploration and exploitation in the PRC as well as the sale of electronic components and treasury. The decline in the share price of the Resources Company during FY2017, among other things, might be because natural resource prices were still at their lower levels than before. 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.

Prospects

In FY2017, the China Insurance Regulatory Commission announced that the insurance funds in the PRC are allowed to subscribe for the listed shares of the Hong Kong stock market. In addition to the Shanghai-Hong Kong Stock Connect, which was launched back in 2014, the Shenzhen-Hong Kong Stock Connect was also launched in FY2017. To provide more flexibility to investors to trade on cross-boundary securities, the aggregate quota for the Shanghai-Hong Kong Stock Connect was abolished and none was introduced for the Shenzhen-Hong Kong Stock Connect. All these measures are expected to encourage mainland investors including insurance companies to make investments in the Hong Kong stock market, which would boost the overall market turnover. This is expected to benefit the Group's brokerage and margin financing businesses in the long term.

In light of the success of the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the central government of the PRC is considering launching a pilot scheme that links the debt market of Hong Kong to the debt market of the mainland. The proposed debt connect arrangement would give rise to more channels for offshore investors to make investments in the debt market of the PRC. This pilot scheme is also expected to strengthen Hong Kong's development as an international wealth management service center. Such a scheme would further create synergies for the Group's asset management business.

Due to the continued regulatory measures imposed by the Hong Kong Monetary Authority on mortgage loans lent by banks in Hong Kong, we foresee there will continue to be a huge demand for mortgage loans provided by financial institutions. To accommodate the ever-increasing demand for our mortgage loans, in addition to our internal resources, we would continue to leverage on external facilities to support our mortgage financing business. Thanks to the government's new guidelines to enhance the transparency of money lending businesses in the territory, this has contributed to the healthy development of this business segment, and at the same time, has promoted the sustainable development of our mortgage financing business.

Due to the extended depreciation of the Renminbi and the implementation of regulatory policies for the property market by the PRC government, more and more mainland firms and investors have been actively seeking opportunities to buy real estate in Hong Kong. This factor has been a strong support to the value of properties owned by the Group. On the other hand, interest rates are expected to rise, which may, to a certain extent, affect property prices. To mitigate the interest rate risk of properties held by the Group, we will continue to review our property investment strategy.

The Group is continually exploring new business development opportunities. Taking advantage of the experienced management of finance professionals from bulge bracket investment banks, the Group, through its subsidiary Brighten Management Limited, plans to make strategic investments into startups and high growth companies, and through securitisation techniques, the Group may minimise its risks and maximise its returns for the investments. We believe these investment activities would diversify our sources of income and contribute a good profit to the Group in the foreseeable future.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW ON LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2017, the Group's net asset value was approximately HK$598,883,000 (FY2016: approximately HK$558,748,000) and cash at bank and in hand (inclusive of cash balance contained in the disposal group classified as held-for-sale) totaled approximately HK$178,600,000 of which approximately 92% was held in Hong Kong dollar, approximately 5% in US dollar and approximately 3% in Renminbi (FY2016: approximately HK$135,833,000).

As at 31 March 2017, borrowings including bank and other borrowings, promissory note payables and the bank borrowings contained in the disposal group classified as held-for-sale amounted to approximately HK$337,240,000 (FY2016: approximately HK$168,398,000) of which approximately HK$289,630,000 (FY2016: HK$118,234,000) was repayable within one year. The gearing ratio, being the ratio of total borrowings to shareholders' fund, was about 0.56 (FY2016: 0.30).

Investment in Financial Assets

As at 31 March 2017, the Group held a portfolio of securities with market value of approximately HK$77,191,000. The Group will continue to adopt a prudent approach for its investment in financial assets.

Charges on Group Assets

As at 31 March 2017, time deposits of approximately HK$6,273,000 and investment properties (inclusive of the investment property contained in the disposal group classified as held-for-sale) at a total valuation of HK$354,000,000 were pledged to banks to secure the banking facilities that were granted to the Group.

Credit Risk

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

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

Operational Risk

The Group has put in place an effective internal controls system for its operations. Under the brokerage business, a monitoring team comprised of licensed responsible officers registered under the SFO and senior management who have acted in compliance with the SFO, has been set up to monitor the settlement matters of traded securities and cash, and to provide clients services of the regulated activities. Set out below is the information on 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 4	Advising on securities	4
Type 6	Advising on corporate finance	5
Type 9	Asset management	3

In order to safeguard clients' interests and comply with the requirements of the SFO, our monitoring team has carried out ongoing checks and verifications so that we are able to maintain our service standard at a satisfactory level. During FY2017, the brokerage operation of the Group had complied with the SFO. Clients were satisfied with our services.

To enhance the professionalism of the Board of Directors of the Company (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 a net consolidated mortgage loans of approximately HK$142,472,000 as at 31 March 2017, 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 realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements. As at 31 March 2017, the amount of undrawn banking facilities of the Group was approximately HK$75,274,000.

Foreign Exchange Exposure

During FY2017, the Group's business activities as well as its assets and liabilities were mainly denominated in Hong Kong dollar, US 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 Renminbi when compared to the Group's total assets or liabilities, the Group considers its foreign exchange risk immaterial for FY2017. It is the Group's treasury policy to manage its foreign currency exposure to minimise any material financial impact to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

STAFF

As at 31 March 2017, the Group had 95 staff members including part-time employees. Remuneration packages are generally structured with reference to prevailing market practice and individual merits. Salaries are reviewed periodically based on the employee performance appraisal or other relevant factors. The Group also maintains certain staff benefit plans including medical insurance, hospitalisation scheme, mandatory provident fund and share option scheme.

The emoluments of the directors of the Company (the "**Directors**") are determined by the Remuneration Committee as delegated by the Board, with reference to market rates and respective Directors' experience, duties and responsibilities in the Group. None of the Directors are involved in deciding their own remuneration. The Group maintains the Continued Learning Sponsorship Scheme to sponsor the continuous professional development of the members of the Group including the Directors.

MATERIAL ACQUISITION AND DISPOSAL

On 24 March 2017, Styland (Development) Limited, an indirect wholly-owned subsidiary of the Company, entered into a provisional agreement to dispose 100% of its shares in Full Bright Global Limited ("**Full Bright**") at the consideration of HK$108,000,000. Full Bright together with its subsidiary (the "**Full Bright Group**") mainly holds the Central Property. On 22 May 2017, the parties hereto entered into the formal agreement. Details of the disposal of the Full Bright Group are set out in the announcement of the Company dated 24 March 2017.

CONTINGENT LIABILITIES

As at 31 March 2017, the Group did not have any material contingent liabilities (FY2016: immaterial).

Environmental, Social and Governance Report

ABOUT THIS REPORT

Reporting Scope

This is our first Environmental, Social and Governance ("**ESG**") Report. The reporting period covers the financial year ended 31 March 2017 and this report includes our main businesses in the financial services, mortgage financing, property development and investment, and securities trading.

Guidelines on the ESG Report of the Stock Exchange

In order to comply with the disclosure requirements and guidelines of the Listing Rules and the "ESG Reporting Guide" (Appendix 27 to the Listing Rules), the Group started to disclose relevant information of ESG for the financial year beginning on 1 April 2016. "At Full Stretch" is our business mission and we target to provide better quality products and services to customers in accordance with the external environment, adjust our strategies according to the government policies and the prevailing international business situation. As a good corporate citizen, we hope to create value for shareholders and investors through optimising operation management, environmental protection, talent development, care about employees' physical and mental health, and community investment, and simultaneously support our business objectives and values, promote sustainable development strategies, implement environmental friendly policies, fulfill corporate social responsibilities, devote to sustainable talent growth, and endeavor to build a more pleasant and harmonious environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL PROTECTION

We have been devoted to care about and protect nature, proactively participate and support environmental protection activities, promote the concept of "Protecting the environment; everyone should take part in it" and hope to create a beautiful world together. In order to let employees realising that everyone has impact to the environment, we take various actions and set up policies with an aim to reduce carbon footprint. We will continue to support in reducing environmental impact in their personal and business lives. We also hope that every staff can start from themselves, convey the message of protecting the environment to families, friends and business partners; build powerful cohesion, and alleviate climate change jointly.

Emissions

Energy consumption accounts for a major part of an organisation's greenhouse gas emissions. Therefore, various energy saving measures (refer to the section "Resources Utilisation" below for details) have been undertaken to improve energy efficiency and reduce energy consumption in our operations. Waste management mainly involves collection of waste paper for recycling. During the reporting year, we replaced chairs in the office and the disposed chairs were sold to employees at a low price. No hazardous waste was generated in connection with the Group's business.

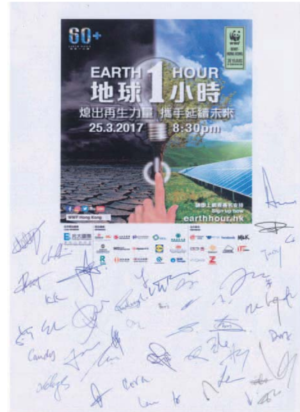
The Group's property development business includes a redevelopment project at Fei Ngo Shan Road. The project was outsourced to contractors. The total site area was more than 16,000 square feet. The original buildings were demolished in 2015. The major work carried out during the year was on site formation and foundation engineering. The requirements under environmental protection legislation was observed. During the construction period, use of cement, soil, gravel, silt, stone, sand and so on produced dust. The contractors have properly enclosed the site, sprayed water and placed barriers to reduce air pollution. Due to the remote location of the site, the impact from noise to the surrounding environment is not significant. The solid wastes from construction can be divided into inert materials (such as concrete, stone and brick) and non-inert wastes (such as timber and plastic). Recyclable waste was handled by recycler, and non-recyclable inert and non-inert wastes were sent to public filling facilities and landfills respectively. The site formation and foundation engineering work carried out during the year did not produce any harmful solid waste. The contractors have obtained a licence under the Water Pollution Control Ordinance for wastewater discharge to appropriate drainage and sewage. All contaminated water must be treated prior to discharge. The contractors have taken precautionary measures, such as covering the soil with tape, so as not to contaminate the surface runoff.

Resources Utilisation

Many people spent about one-third of a day working in an office. Therefore, we set up a "Green Office" for employees. Not only work efficiency is enhanced; resources are utilised effectively and wastes reduced. This is a win-win-win situation for employees, the Company and the earth. We encourage employees to adopt two major principles: 5S and 4R. "5S" are "Sort", "Straighten", "Shine", "Standardise"; "Self-discipline"; and "4R" refers to "Reduce", "Reuse", "Recycle" and "Replace". With the co-ordination of our policies, we require every employee understand the importance of resources conservation, utilise resources fully with its highest effectiveness, as well as eliminate waste in use of resources.

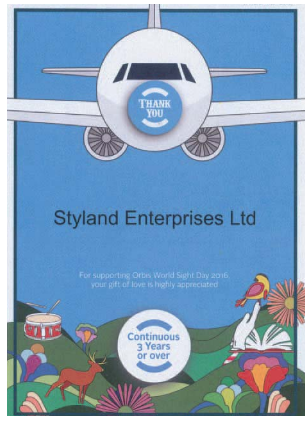
Management of Electricity Utilisation

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



Management of Water Utilisation

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



Management of Paper Utilisation

We wish to set up a digital workplace and require our employees "to think before printing" so that they can be more cautious and selectively print. As a result, the volume of printed documents and paper use was reduced. Besides, we encourage our employees to read documents on computers without printing; to do print preview to check line spacing and margin before output to printer; double-sided printing and reuse recycled paper; issuing internal memos by emails to replace fax and hardcopies; and internal documents circulation by emails whenever applicable. Recycling boxes are placed next to copiers and printers; one of them are particularly used for storing single-sided printed papers which could be reused; and another one is for collecting both-sides printed papers pending for recycling.

Others

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

Significant Impact on the Environment and Natural Resources

The impact of the Group on the environment and natural resources is not significant. It is mainly attributed to the use of electricity, water, papers in office. During the reporting period, we have set a number of measures to reduce the use of resources and disposal of waste (refer to above sections "Emissions" and "Resources Utilisation" for details).

Compliance

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOR PRACTICES

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

Talent Selection

We follow the principles of openness and non-discrimination to recruit and hire, and devote to protect human rights and privacy of employees. During staff recruitment, knowledge, ability, morality and job requirements are used as the selection standards, and the principles of fairness, equality and openness are followed; and all candidates are not discriminated against because of their race, religion, sex, age, marital status and disability. We provide equal opportunities to employees in providing benefits, promotion, performance appraisal, training and career development. We only consider their morality, knowledge, ability and technical skills, etc. We work with our employees together to create a win-win situation. We observe and strictly comply with the relevant labor laws and regulations; and unethical hiring like child labor and forced labor is prohibited.

Staff Compensation and Welfare

In order to attract and retain outstanding talents, we establish a competitive remuneration scheme. Staff salaries level are decided base on one's knowledge, skills, experiences and education background relevant to their work requirement. Basic remuneration and benefits of employees includes basic salary, paid holidays, and insurance etc. For employees with outstanding performance and contributions, we offer discretionary bonus, subsidies and allowances, commission and year-end bonus as reward. The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the businesses and success of the Group's operations. We observe and strictly comply with the relevant labor laws and regulations. Employees are entitled to rest day, statutory holidays, annual leave, sick leave, marriage leave, funeral leave, maternity leave, and paternity leave and so on. Staff participate in mandatory provident fund scheme as retirement protection benefit. Working hours are subject to local labor laws and regulations. We terminate and compensate staff in accordance with local laws and regulations.

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

Staff Development and Training

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

Staff Health and Work Safety

We take a comprehensive preventive approach to staff health and work safety, including illness and injury prevention. We have clear evacuation procedures in case of fire outbreak in offices, so that our employees can take sensible and immediate action. It is all staff members' responsibility to build a healthy and smoke-free working environment. Smoking in the office areas, toilets or staircase are absolutely prohibited.

Employees spent about one-third of a day working in the office, we have replaced their chairs during the year with the ones designed particularly for healthy spine. The air quality in the office directly affect our employees, so we employ professional cleaners to clean the office air conditioning facilities. Besides, to promote the concept of green office, we decorated our office with numerous plants to provide a comfortable work environment.

Compliance

During the reporting period, there were no identified violations that were related to labor practices with a significant impact on the Group.

OPERATING PRACTICES

Supply Chain Management

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

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

Product/Service Responsibility

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Licenses and Registrations

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

Know your Client

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

Customer Data Protection and Privacy Policies

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

Customer Complaints

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

Integrity

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

Compliance

During the year, there were no incidents of non-compliance with laws and regulations concerning the provision and use of products/services.

Anti-corruption

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

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

During the reporting period, there was no legal action against the Group and our employees for corruption.

COMMUNITY INVESTMENT

As a good corporate citizen, we keep on contributing to the community, to show our care by supporting charitable organisations. During the year, we donated money to Skip Lunch Day and Love Teeth Day organised by the Community Chest, and Orbis World Sight Day with the hope to help people in need.

We wish to set up an example, promote environmental protection and build a green world through community investment. Since 2015, we have participated in the "Red Packets Recycle and Reuse Campaign" held by Greeners Action for 3 consecutive years. The organisation categorises and repacks the red packets collected and distributes to the public and non-profit organisations for recycle and reuse. We support the Community Chest Green Day as they raise the environmental protection consciousness of the public, arouse our attention to the increasingly serious environmental pollutions and global warming problem, as well as promoting the concept of environmental protection in details of daily life and lead to green living. Since 2011, we have participated in the "Earth Hour" event organised by the World Wildlife Fund for 7 consecutive years. Participants turn off the unnecessary lightings at home for an hour at the specified time. Such activity reminds the public to change their lifestyle, to conserve the Earth's resources and to reduce its burden; and to work together building a sustainable future for human and nature.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We have paid tax in accordance with the applicable law since incorporation, and spare no effort in easing local employment pressure. We have our staff participated in Mandatory Provident Fund scheme, helping them to prepare and plan for their retirement. We run our business following good practices, actively promote green energy-saving and environmental friendly concepts, and achieve a good development order; and to some certain extent, we have contributed to social stability and building a harmonious community.

SUSTAINABLE DEVELOPMENT AND TARGET ACTIONS FOR 2017/18

We shall strengthen our ESG performance in 2017/18 with the following plans and operational objectives:

Plan/Target	Focus
To optimise existing ESG systems and procedures.	• Review the system of collecting ESG information including its integrity and accuracy. • Establish key performance indicators for environmental protection and set priorities and timetable for key performance indicators of other ESG aspects. • Strengthen communication with stakeholders (including investors, suppliers, customers and society), collect stakeholders' concerns and then conduct in-depth analysis.
To consider increasing our contribution to the community with suitable targets.	• To offer helping hands to those people who are in need.

REPORT OF THE DIRECTORS

The Directors present their report and audited consolidated financial statements of the Company and the Group for FY2017.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries consist of investment holdings, financial services, mortgage financing, property development and investment and securities trading.

RESULTS AND DIVIDENDS

The Group's results for FY2017 and the state of affairs of the Group as at 31 March 2017 are set out in the consolidated financial statements on pages 56 to 132.

An interim dividend at a rate equivalent to HK$0.10 or HK10 cents for every 100 shares with a scrip alternative was paid by the Company on 25 January 2017.

The Directors do not propose the payment of a final dividend for FY2017.

BUSINESS REVIEW

Details of the business review and future development of the Group, as well as its principal risks and uncertainties, are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 10 to 20 of this annual report.

The financial risk management objectives and policies of the Group are laid out in note 7 to the consolidated financial statements.

Compliance with laws and regulations

During FY2017, as far as the Directors are aware, there was no material non-compliance with applicable laws and regulations by the Group that has a significant impact on the Group's business and operations, which mainly included the SFO and Money Lenders Ordinance.

Relationship with stakeholders

Employees are regarded as valuable assets of the Group. For the Group's key relationship with its employees, please refer to the section headed "Employment and Labor Practices" in the Environmental, Social and Governance Report contained in this annual report.

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

REPORT OF THE DIRECTORS

Environmental policy and performance

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

FURNITURE AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in furniture and equipment and investment properties of the Group are set out in notes 17 and 18 to the consolidated financial statements respectively. Further details of the Group's investment properties are set out on page 134.

SHARE CAPITAL

Details of movements in the share capital are set out in note 36 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum of Association and Bye-Laws of the Company (the "**Bye-Laws**") or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Company during the year are set out in note 46(b) to the consolidated financial statements. Details of movements in the reserve of the Group during the year are set out on page 59.

DISTRIBUTABLE RESERVES

As at 31 March 2017, the Company's reserves available for distribution were HK$241,336,000. Under the laws of Bermuda, the Company's share premium account, in the amount of HK$172,723,000, may be distributed in the form of fully-paid bonus shares.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate, is set out on page 133. This summary does not form part of the audited consolidated financial statements.

DIRECTORS

The Directors of the Company in FY2017 and up to the date of this report are:

Executive Directors

Mr. Cheung Hoo Win (Chief Executive Officer)
Mr. Ng Yiu Chuen
Ms. Mak Kit Ping
Ms. Zhang Yuyan
Ms. Chen Lili

Independent Non-Executive Directors

Mr. Zhao Qingji (Chairman)
Mr. Li Hancheng
Mr. Yeung Shun Kee
Mr. Lo Tsz Fung Philip
Mr. Lee Kwok Yin Denthur (appointed on 1 November 2016)

In accordance with the Company's Bye-Laws 102(B), Mr. Lee Kwok Yin Denthur shall hold office only until the forthcoming annual general meeting of the Company (the "**AGM**"), and shall then be eligible for re-election therein. In accordance with the Company's Bye-Laws 182(vi), Mr. Ng Yiu Chuen, Ms. Chen Lili and Mr. Lo Tsz Fung Philip shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2017, none of the Directors and chief executive of the Company had any interest or short positions in the shares of the Company (the "**Shares**"), underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which required notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

REPORT OF THE DIRECTORS

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

None of the Directors had a material interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party in FY2017.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under Section 336 of the SFO shows that, as at 31 March 2017, the Company had been notified of the following interests in the Company:

	Number of shares	Underlying shares	Total	Percentage
Mr. Cheung Chi Shing ("**Mr. Cheung**") (Note1)	905,340,365	181,068,073	1,086,408,438	22.71%
Ms. Yeung Han Yi Yvonne ("**Ms. Yeung**") (Note 2)	905,340,365	181,068,073	1,086,408,438	22.71%
Mr. Cheung Hoo Yin ("**Mr. Hooyin Cheung**") (Note 3)	260,867,014	52,173,403	313,040,417	6.54%

Notes:

1. Mr. Cheung personally held 796,729,674 Shares and underlying Shares. As Mr. Cheung is the sole shareholder of K.Y. Limited ("**KY**"), he was deemed to have interests in 137,182,644 Shares and underlying Shares held by KY. Mr. Cheung is the spouse of Ms. Yeung and accordingly deemed to be interested in the 152,496,120 Shares and underlying Shares beneficially interested by Ms. Yeung.

2. Ms. Yeung is the spouse of Mr. Cheung and accordingly deemed to be interested in the 933,912,318 Shares and underlying Shares beneficially interested by Mr. Cheung.

3. Mr. Hooyin Cheung is the son of the Mr. Cheung and Ms. Yeung.

BONUS ISSUE OF WARRANTS

Bonus Issue of Warrants – 2015

On 14 July 2015, the Board proposed an issue of bonus warrants to the shareholders of the Company (the "**Shareholders**") on the basis of 2 warrants for every 10 Shares (the "**Bonus Issue of Warrants – 2015**"). For details of the Bonus Issue of Warrants – 2015, please refer to the announcement of the Company dated 14 July 2015 (the "**Announcement – 2015**"). On 20 August 2015, the Shareholders approved the Bonus Issue of Warrants – 2015, pursuant to which 857,125,280 warrants were issued. The initial subscription price was HK$0.10 and the subscription period was from 5 November 2015 to 4 November 2016 (both days inclusive). Full exercise of the subscription rights attaching to the 857,125,280 warrants would result in the issue of 857,125,280 new Shares. Details of the exercise of the Bonus Issue of Warrants – 2015 are set out as follows:

	Number of warrants	Amount HK$'000
Number of warrants issued	857,125,280	85,713
Warrants exercised during FY2016	(67,378,080)	(6,738)
At 1 April 2016	789,747,200	78,975
Warrants exercised during FY2017	(400,478,772)	(40,048)
Balance of warrants lapsed	389,268,428	38,927

As disclosed in the Announcement – 2015, the Group would apply any subscription monies received as and when subscription rights were exercised (the "**Subscription Monies – 2015**") towards the general working capital of the Group and potential investments to be identified. As at 31 March 2017, HK$20,000,000 out of the Subscription Monies – 2015 was used as working capital and the balance was placed in a bank. The subscription rights attaching to the Bonus Issue of Warrants – 2015 lapsed on 4 November 2016.

REPORT OF THE DIRECTORS

Bonus Issue of Warrants – 2016

It was announced on 13 December 2016 that 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 – 2016**"). For details of the Bonus Issue of Warrants – 2016, please refer to the announcement of the Company dated 13 December 2016 (the "**Announcement – 2016**"). On 17 January 2017, the Shareholders approved the Bonus Issue of Warrants – 2016, pursuant to which 952,202,016 warrants were issued. The initial subscription price was HK$0.10 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)
Balance of warrants at 31 March 2017	928,427,512	92,843

As disclosed in the Announcement – 2016, the Group will apply any subscription monies received as and when subscription rights are exercised (the "**Subscription Monies – 2016**") towards the general working capital of the Group. As at 31 March 2017, the Subscription Monies – 2016 was placed in a bank.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Scheme**") which enables the Company to grant options to the participants in recognition of their contribution to the Group. Pursuant to the Scheme, the Directors may, within a period of 10 years from 21 September 2012 (the "**Adoption Date**"), grant options to any director or employee, adviser, consultant, agent, contractor, customer and supplier of the Group so that they can subscribe for the shares of the Company.

Pursuant to an ordinary resolution passed at the AGM of the Company held on the Adoption Date, the total number of shares which may be issued upon exercise of all the options to be granted under the Scheme and any other share option schemes of the Company is 370,977,308 shares representing 10% of the issued share capital of the Company as at the Adoption Date. No share options were granted during FY2017.

Further details of the Scheme are set out in the note 37 to the consolidated financial statements.

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 FY2017.

MAJOR CUSTOMERS

In FY2017, sales to the Group's single largest and five largest customers combined accounted for approximately 4% and approximately 14% respectively, of the Group's total revenue. The Group's principal activities are providing financial services and mortgage financing. In the Directors' opinion, the Group has no major suppliers in light of the nature of the Group's businesses.

None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 36 to 43.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors as at the latest practicable date prior to the issue of this report, the public float of the Shares of the Company is sufficient.

EVENTS AFTER THE REPORTING PERIOD

No significant events affecting the Group have occurred since the end of the year ended 31 March 2017.

AUDITOR

UHY Vocation HK CPA Limited will retire at the forthcoming AGM. A resolution will be proposed to appoint auditor and to authorise the Board to fix their remuneration.

On behalf of the Board
Mak Kit Ping
Executive Director

Hong Kong, 23 June 2017

CORPORATE GOVERNANCE REPORT

The Board is committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, sustainable business growth and enhancing Shareholders' value.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance practices. The Company has complied with the applicable code provisions of the CG Code during FY2017, except for certain deviations as specified below.

BOARD OF DIRECTORS

The Board currently comprises five executive Directors, namely Mr. Cheung Hoo Win (Chief Executive Officer), Mr. Ng Yiu Chuen, Ms. Mak Kit Ping, Ms. Zhang Yuyan and Ms. Chen Lili and five Independent Non-Executive Directors (the "**INEDs**"), namely Mr. Zhao Qingji (Chairman), Mr. Yeung Shun Kee, Mr. Li Hancheng, Mr. Lo Tsz Fung Philip and Mr. Lee Kwok Yin Denthur. The Directors believe that the composition of the Board has a balance of skills and experience that is appropriate for the requirements of the business of the Group.

As half of the Board members are INEDs, there is a strong independent element within the Board, which can effectively exercise independent judgment and monitor the corporate governance of the Group. All INEDs are appointed for a specific term of two years and each of them has made a confirmation on independency. After reviewing their confirmations on independency, the Company believes that they are still independent under Rule 3.13 of the Listing Rules.

During FY2017, ten board meetings (including four regular board meetings to which 14 days' notice was given to all Directors) and two general meetings of the Company were held. Details of the Directors' attendance records during the year are as follows:

	Number of board meetings attended	Number of general meetings attended
Executive Directors		
Mr. Cheung Hoo Win (Chief Executive Officer)	10/10	2/2
Mr. Ng Yiu Chuen	10/10	2/2
Ms. Mak Kit Ping	10/10	2/2
Ms. Zhang Yuyan	9/10	0/2
Ms. Chen Lili	9/10	0/2
Independent Non-Executive Directors		
Mr. Zhao Qingji (Chairman)	8/10	0/2
Mr. Yeung Shun Kee	10/10	1/2
Mr. Li Hancheng	10/10	0/2
Mr. Lo Tsz Fung Philip	10/10	1/2
Mr. Lee Kwok Yin Denthur	7/7	1/1

According to the code provision A.6.7 of the CG Code, INEDs should attend the general meetings of the Company, and according to E.1.2, the Chairman of the Board should attend the AGM. During FY2017, the Company convened a special general meeting and the AGM. Due to their personal engagements, four INEDs were unable to attend the special general meeting. Also, two INEDs including the Chairman of the Company did not attend the AGM.

FUNCTIONS OF THE BOARD

To avoid concentration of power in any one individual, a clear division of responsibilities between the Chairman and the Chief Executive Officer is crucial to the effective running of the Board and the day-to-day management of the Group's businesses. The positions of the Chairman and the Chief Executive Officer of the Company are held by two different Directors, namely Mr. Zhao Qingji and Mr. Cheung Hoo Win. Their roles and duties are segregated with a clear division of responsibilities.

The Board meets regularly to discuss the overall strategy as well as the operation and business performance of the Group, and to approve the Group's annual and interim results and other matters which need to be dealt with. The Board has delegated the day-to-day responsibilities to the management through the operation manuals which are reviewed from time to time to ensure that they meet the requirements of the Group's business development.

To ensure that the Directors' contribution to the Board remains informed and relevant, all of the Directors have participated in continuous professional development activities that are relevant to their performance of duties as Directors. According to the training records provided by the Directors, Ms. Mak Kit Ping, Ms. Zhang Yuyan, Ms. Chen Lili and Mr. Lo Tsz Fung Philip have also attended training courses, seminars or conferences to develop and refresh their knowledge and skills. In FY2017, relevant materials on legislative and regulatory updates were circulated to the Directors for them to update themselves on any changes of regulations. In addition, the Group has in place a continued learning sponsorship scheme to sponsor the members of the Group including the Directors for their continuous professional development.

The Board is also responsible for performing the corporate governance duties as required under the CG Code. The major roles and functions of the Board in respect of the corporate governance are:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual applicable to the employees and Directors; and
- to review the Company's compliance with the CG Code and disclosures in this Corporate Governance Report.

In FY2017 and up to the date of this report, the Board has performed the corporate governance duties in accordance with its terms of reference.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy which sets out its approach to achieving diversity on the Board. The Company recognises that increasing the diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board while taking into account diversity.

BOARD COMMITTEES

Audit Committee

The Company has an audit committee (the "**Audit Committee**") comprising all INEDs. The principal duties of the Audit Committee are to review the Group's interim and annual results, internal controls and make recommendations to the Board. The detailed terms of reference of the Audit Committee are available for inspection on the websites of the Company and the Stock Exchange respectively.

Three Audit Committee meetings were held in FY2017. The attendance of each member of the Audit Committee is set out as follows:

Members of Audit Committee	Number of Audit Committee meetings attended
Mr. Lo Tsz Fung Philip (Chairman)	3/3
Mr. Zhao Qingji	1/3
Mr. Yeung Shun Kee	3/3
Mr. Li Hancheng	3/3
Mr. Lee Kwok Yin Denthur	2/2

The Audit Committee had performed the following work in FY2017:

(i) reviewed and approved the audit scope and fees proposed by the external auditor for the annual audit of the FY2017;

(ii) discussed with the external auditor any major audit issues of the Group;

(iii) reviewed the changes in accounting standards and assessment of potential impacts on the Group's consolidated financial statements;

(iv) reviewed and recommended for the Board's approval of the consolidated financial statements and the related draft results announcement for FY2016 and reviewed the audit committee report from the external auditor;

(v) reviewed and recommended for the Board's approval of the consolidated financial statements and the related draft results announcement for the six months ended 30 September 2016; and

(vi) reviewed the effectiveness of the internal controls system and the risk management of the Group.

Remuneration Committee

The Company has a remuneration committee (the "**Remuneration Committee**") comprising all INEDs. The Remuneration Committee's principal duties are to make recommendations to the Board on the remuneration policy and structure for the Directors and senior management and to ensure that they are fairly rewarded for their individual contribution to the Group's overall performance. It is also the Remuneration Committee's duty to determine the specific remuneration packages of the Directors and senior management. The detailed terms of reference of the Remuneration Committee are available for inspection on the websites of the Company and the Stock Exchange respectively.

Two Remuneration Committee meetings were held in FY2017. The attendance of each member of the Remuneration Committee is set out as follows:

Members of Remuneration Committee	Number of Remuneration Committee meetings attended
Mr. Yeung Shun Kee (Chairman)	2/2
Mr. Zhao Qingji	2/2
Mr. Li Hancheng	2/2
Mr. Lo Tsz Fung Philip	2/2
Mr. Lee Kwok Yin Denthur	1/1

The Remuneration Committee had performed the following work in FY2017:

(i) reviewed and approved the payment of bonus to certain executive Directors and senior management; and

(ii) reviewed and approved the remuneration package to a newly appointed INED.

CORPORATE GOVERNANCE REPORT

Pursuant to the code provision of B.1.5 of the CG Code, details of the annual remuneration of the members of senior management by band for FY2017 is as follows:

	Number of employees
HK$400,000 to HK$700,000	2
HK$700,001 to HK$1,000,000	3

Nomination Committee

The Company has set up a nomination committee (the "**Nomination Committee**") comprising all INEDs. The Nomination Committee shall make recommendations to the Board on all new appointments or re-appointments of Directors. The selection criteria are mainly based on the professional qualifications and work experience of the candidates as well as the diversity policy adopted by the Board. There are no fixed terms of services for executive Directors while INEDs are engaged for a term of two years, subject to retirement by rotation and re-election in accordance with the provisions of the Bye-Laws. The detailed terms of reference of the Nomination Committee are available for inspection on the websites of the Company and the Stock Exchange respectively.

Two Nomination Committee meetings were held in FY2017. The attendance of each member of the Nomination Committee is set out as follows:

Members of Nomination Committee	Number of Nomination Committee meetings attended
Mr. Li Hancheng (Chairman)	2/2
Mr. Zhao Qingji	1/2
Mr. Yeung Shun Kee	2/2
Mr. Lo Tsz Fung Philip	2/2
Mr. Lee Kwok Yin Denthur	0/0

The Nomination Committee had performed the following work in FY2017:

(i) reviewed the structure, size and composition of the Board to ensure they were suitable for the Group's corporate strategy and development;

(ii) reviewed and recommended for the Board's approval the proposed resolutions for re-election of the retiring Directors at the 2016 AGM;

(iii) assessed the independence of the INEDs;

(iv) reviewed the Board diversity policy; and

(v) recommended to the Board on the nomination of an INED.

Directors' Securities Transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code for securities transactions by Directors. All members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code in FY2017.

AUDITORS' REMUNERATION

For FY2017, the remuneration paid or payable in respect of statutory audit services and internal control review by the external auditors of the Company were approximately HK$880,000 and HK$100,000 respectively.

SHAREHOLDERS' RIGHTS

Convening a Special General Meeting of the Company by Shareholders

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

Procedures for Sending Enquiries to the Board

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

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

For share registration related matters, such as share transfer and registration, change of name or address, loss of share certificates or dividend warrants, the Company's registered shareholders can contact the Company's branch share registrar in Hong Kong, Tricor Tengis Limited.

Procedures for Making Proposals at Shareholders' Meetings

If a Shareholder wishes to nominate a person to stand for election as a Director, the following documents must be validly sent to the Company's principal place of business in Hong Kong namely (i) his/her notice of intention to propose a resolution at the general meeting; and (ii) a notice executed by the nominated candidate of the candidate's willingness to be appointed. The period for lodgment of the notices of (i) and (ii) above will commence no earlier than the day after the despatch of the notice of the general meeting and end no later than seven days prior to the date of such meeting.

CORPORATE GOVERNANCE REPORT

To put forward proposals other than the above at a general meeting, Shareholders should submit a written notice of those proposals with their detailed contact information to the Company Secretary at the Company's principal place of business in Hong Kong. The notice period to be given to all the Shareholders for consideration of the proposal raised by the Shareholders concerned at general meetings varies according to the nature of the proposal.

SHAREHOLDERS AND INVESTORS RELATIONS

The Board adopts an open and transparent communication policy and ensures that there is full disclosure to the public as a way to enhance corporate governance. The Board aims to provide the Company's shareholders and the public with the necessary information for them to form their own judgment on the Company. Corporate communication materials such as annual reports, interim reports and circulars are issued in printed form and are also available in electronic format on the websites of the Company, the Stock Exchange and irasia.com. There was no significant change in the Company's constitutional documents for FY2017.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility for the preparation of the financial statements for each financial period, which shall give a true and fair view of the state of affairs of the Company. During FY2017, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue in business. Accordingly, the Board has prepared the financial statements of the Company on a going concern basis.

All of the Directors acknowledged their responsibility for preparing the financial statements of the Company for FY2017.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 50 to 55 of this annual report.

The Company announces its interim and annual results as soon as reasonably practicable after the end of the relevant financial period and the financial year respectively pursuant to the requirements of the Listing Rules, disclosing all such information as would enable the Company's shareholders to assess the performance, financial position and prospects of the Company.

Internal Controls and Risk Management

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

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

The Board, through the Audit Committee, has delegated the internal audit function to an independent external assurance provider, who has conducted a review on the adequacy and effectiveness of the Group's internal controls and risk management for FY2017.

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

Based on the report from the external auditor, the Board considers the Group's internal controls and risk management adequate and effective and the Group has complied with the CG Code.

On behalf of the Board
Cheung Hoo Win
Chief Executive Officer

Hong Kong, 23 June 2017

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Cheung Hoo Win (Chief Executive Officer)
Mr. Ng Yiu Chuen
Ms. Mak Kit Ping
Ms. Zhang Yuyan
Ms. Chen Lili

Independent Non-Executive Directors
Mr. Zhao Qingji (Chairman)
Mr. Yeung Shun Kee
Mr. Li Hancheng
Mr. Lo Tsz Fung Philip
Mr. Lee Kwok Yin Denthur

AUDIT COMMITTEE

Mr. Lo Tsz Fung Philip (Chairman)
Mr. Zhao Qingji
Mr. Yeung Shun Kee
Mr. Li Hancheng
Mr. Lee Kwok Yin Denthur

REMUNERATION COMMITTEE

Mr. Yeung Shun Kee (Chairman)
Mr. Zhao Qingji
Mr. Li Hancheng
Mr. Lo Tsz Fung Philip
Mr. Lee Kwok Yin Denthur

NOMINATION COMMITTEE

Mr. Li Hancheng (Chairman)
Mr. Zhao Qingji
Mr. Yeung Shun Kee
Mr. Lo Tsz Fung Philip
Mr. Lee Kwok Yin Denthur

COMPANY SECRETARY

Mr. Wang Chin Mong

AUDITOR

UHY Vocation HK CPA Limited

LEGAL ADVISERS

As to Hong Kong Law
Michael Li & Co.
TC & Co.

As to Bermuda Law
Appleby

As to the PRC Law
Hills & Co.

PRINCIPAL BANKERS

China Everbright Bank Company Limited,
Hong Kong Branch
Industrial and Commercial Bank of China (Asia) Limited
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
OCBC Wing Hang Bank Limited
Standard Chartered Bank (Hong Kong) Limited
Nanyang Commercial Bank Limited
DBS Bank (Hong Kong) Limited
Chong Hing Bank Limited

PRINCIPAL REGISTRAR

Appleby Management (Bermuda) Ltd.
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HONG KONG BRANCH REGISTRAR

Tricor Tengis Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

PRINCIPAL PLACE OF BUSINESS

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

Telephone:	(852) 2959-3123
Facsimile:	(852) 2310-4824
E-mail address:	sty@styland.com

SHAREHOLDERS' SERVICE HOTLINE

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

WEBSITE

http://www.styland.com

INVESTORS' WEBSITE

http://www.irasia.com/listco/hk/styland/

BOARD OF DIRECTORS

MR. CHEUNG HOO WIN

Chief Executive Officer and Executive Director

Mr. Cheung, aged 37, joined the Group in 2004. He was appointed executive Director in 2006 and Chief Executive Officer in 2009. Mr. Cheung graduated from Peking University (Department of International Economics and Trade). During his studies at Peking University, Mr. Cheung developed good business connections in the PRC. Previously, he worked for China Development Research Foundation, the subordinate unit of the Development Research Centre of the State Council, and was the vice-president of the Macau Energy Saving Association. Mr. Cheung is a member of the Hong Kong United Youth Association.

Mr. Cheung assists the Chairman of the Company in leading the Board and is responsible for the entire Group's business and development. He is also responsible for the Group's China related businesses as well as dealing with the Group's mainland customers which also have their operations in Hong Kong. Mr. Cheung is also one of the directors of the subsidiaries of the Company.

MR. NG YIU CHUEN

Executive Director

Mr. Ng, aged 58, joined the Group in 2010 as associate director of a subsidiary. He was appointed executive Director in December 2010. Mr. Ng obtained a bachelor's degree in Business Administration from City University of Hong Kong and was elected as Associate of The Hong Kong Institute of Bankers in 2002.

Mr. Ng has over 37 years of experience in the financing and asset management business. Prior to joining the Group, he had, for more than 18 years, held senior executive management roles and was responsible for overseeing the finance division and managing the portfolios of liquid assets for various well known international companies including GE Capital (Hong Kong) Limited and American Express Bank Limited. Mr. Ng is mainly responsible for the money lending business of the Group. Mr. Ng is also one of the directors of the wholly-owned subsidiaries of the Company.

MS. MAK KIT PING

Executive Director

Ms. Mak, aged 51, joined the Group in April 2008. She was appointed executive Director in February 2012. Ms. Mak is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Ms. Mak is licensed under the Securities and Futures Ordinance for Type 1 activity (Dealing in securities) and Type 6 activity (Advising on corporate finance), and is one of the responsible officers of Ever-Long Securities Company Limited, a wholly-owned subsidiary of the Company. Ms. Mak has more than 24 years of experience in the securities business and is mainly responsible for the Group's brokerage business. Ms. Mak is also one of the directors of the subsidiaries of the Company.

MS. ZHANG YUYAN

Executive Director

Ms. Zhang, aged 55, was appointed executive Director in 2006. Ms. Zhang graduated from Zhongnan University of Economics and Law (中南財經大學), formerly known as Hubei Economics College (湖北財經學院). Ms. Zhang has extensive experience in management and is familiar with Mainland China's economic, finance and taxation matters.

MS. CHEN LILI

Executive Director

Ms. Chen, aged 35, joined the Group as executive Director in 2009. She graduated with a Bachelor of Electronics Science and Techniques degree from the School of Electronics Engineering and Computer Science at Peking University in 2004. Ms. Chen also obtained her Master of Computer Applied Technology degree from the Institute of Software at the Chinese Academy of Sciences in 2007. Ms. Chen was a manager in the Risk Assurance Department, PricewaterhouseCoopers Consultancy (Shanghai) Limited, Beijing branch, where she led multiple teams to conduct audit and advisory work, including SOX and CSOX compliance auditing, risk management and internal control services for several large energy, insurance, banking and logistics companies. Ms. Chen has extensive experience in the areas of internal controls, risk management and corporate governance of companies.

MR. ZHAO QINGJI

Chairman and Independent Non-Executive Director

Mr. Zhao, aged 44, was appointed independent non-executive Director of the Company in April 2009. Subsequently, he was appointed Chairman in July 2009. Prior to joining the Group, Mr. Zhao was the chairman, chief executive officer and an executive director of China Properties Investment Holdings Limited, a company listed on the Main Board of the Stock Exchange. Mr. Zhao graduated from Peking University in 1998 with a bachelor's degree in Economics.

Mr. Zhao has extensive experience in mergers and acquisitions, corporate restructurings, investment management, finance and initial public offerings in the PRC. Previously, he held the position of vice president of Peking University Resource Group and was in charge of that company's property investment business and real estate development projects.

MR. YEUNG SHUN KEE

Independent Non-Executive Director

Mr. Yeung, aged 58, was appointed independent non-executive Director of the Company in 2003. He manages his own certified public accounting firm. Mr. Yeung has extensive experience in accounting, auditing and taxation works.

Mr. Yeung is a member of the Certified Public Accountants of Australia and a certified public accountant (practising) of the Hong Kong Institute of Certified Public Accountants.

BOARD OF DIRECTORS

MR. LI HANCHENG

Independent Non-Executive Director

Mr. Li, aged 54, was appointed independent non-executive Director of the Company in 2008. He graduated from Southwest University of Political Science and Law in 1984. Mr. Li had previously worked at the Supreme People's Court of the People's Republic of China as a senior judge. He possesses extensive experience and practice in law.

Mr. Li is a lawyer and the senior partner of the Beijing S&P Law Firm. He is also a member of China Maritime Law Association, Chinese Lawyers Association and Beijing Lawyers Association. On 28 October 2016, Mr. Li was appointed as an independent non-executive director of China Minsheng Banking Corp., Ltd., (stock code: 1988), a company listed on the Main Board of the Stock Exchange. Currently, he is also an outside director of Beijing Electronics Holding Company Limited. He has resigned from his position as an independent director of Anbang Annuity Insurance Company Limited.

MR. LO TSZ FUNG PHILIP

Independent Non-Executive Director

Mr. Lo, aged 50, was appointed independent non-executive Director in 2009. He graduated from the University of Wollongong, NSW Australia in 1992 with a Bachelor of Commerce degree. Currently, Mr. Lo is an independent director of Dragon Jade International Limited, a company listed on OTCBB in the United States and the chief financial officer of China Keli Electric Company Limited, a company listed on Toronto Stock Exchange Venture in Canada. On 3 May 2016, Mr. Lo resigned from his position as an independent non-executive director of QKL Stores, Inc., a company listed on NASDAQ (QKLS) in the United States. On 25 March 2017, Mr. Lo was appointed as director of ZZLL Information Technology Inc. a company listed on OTCQB in the United Sates.

Mr. Lo had several public service positions. He was a member of the standing committee of the Guangzhou Liwan District Committee of CPPCC in the years 2005 to 2007 and the vice president of the Council of Guangzhou Association of Enterprises with Foreign Investment in 2003.

Mr. Lo has extensive experience in the areas of corporate management, financial accounting and auditing. Mr. Lo is a member of the Certified Public Accountants of Australia and a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

MR. LEE KWOK YIN DENTHUR

Independent Non-Executive Director

Mr. Lee, aged 50, was appointed independent non-executive Director of the Company in November 2016. He has extensive experience in distribution and portfolio management of financial and insurance products in Hong Kong and Greater China. Mr. Lee also has the proven track record of accomplishments in sales management, strategic planning, business development and relationship management.

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

SENIOR MANAGEMENT

MR. NG SHUN FU

Managing Director of Subsidiaries

Mr. Ng, aged 69, joined the Group in 1996 as a director of Ever-Long Securities Company Limited, a wholly-owned subsidiary of the Company that engages in its core business of securities brokerage. He is also a director of certain subsidiaries of the Company. Prior to joining the Group, Mr. Ng worked in the banking sector for 25 years during which he held senior management positions. Mr. Ng has extensive experience in the securities business and is a responsible officer registered under the Securities and Futures Ordinance.

MR. CHOY SHUEN YAN ANDY

Director of Subsidiaries

Mr. Choy, aged 55, was appointed a director of Ever-Long Securities Company Limited in 1998. He is a director of certain subsidiaries of the Company. Mr. Choy holds a Bachelor of Commerce degree from McMaster University of Ontario, Canada. Mr. Choy is a responsible officer registered under the Securities and Futures Ordinance and has more than 27 years of experience in the securities business.

MR. MAK CHI HO

Associate Director

Mr. Mak, aged 45, is an associate director of the Group. Mr. Mak holds a bachelor's degree in Accounting from the University of Southern California and a master's degree in Finance from the Curtin University of Technology. Mr. Mak is a representative registered under the Securities and Futures Ordinance and has over 15 years of experience in securities analysis and corporate finance.

MS. HUNG LAI KAM DIANA

Director of a Subsidiary

Ms. Hung, aged 36, joined the Group as an associate director of a subsidiary in 2010. Ms. Hung holds a bachelor's degree in International Economic and Trade from Peking University and a master's degree in Business Administration from the University of Iowa. Ms. Hung has extensive experience in management. She is a director of a wholly-owned subsidiary of the Company.

MR. WANG CHIN MONG

Financial Controller and Company Secretary

Mr. Wang, aged 45, is the Group's Financial Controller and the Company's Company Secretary. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

INDEPENDENT AUDITOR'S REPORT

天道香港會計師事務所有限公司
UHY VOCATION HK CPA LIMITED
Certified Public Accountants

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

OPINION

We have audited the consolidated financial statements of Styland Holdings Limited ("Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 56 to 132, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, 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.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on loan receivables	
We identified the impairment assessment on loan receivables as a key audit matter due to estimation uncertainty inherent in the management's credit risk assessment process in respect of the collectability of loan receivables. The loan receivables are assessed for impairment individually. In determining the impairment on loan receivables, management of the Group considers the financial background, the value of the collaterals and creditability of individual borrowers. At 31 March 2017, the carrying amount of loan receivables were approximately HK$247,214,000 and approximately HK$5,368,000 impairment allowance on loan receivables was made in the current year. For further details, we refer to the disclosure of estimation uncertainty in note 5 to the consolidated financial statements and note 22 to the consolidated financial statements for the details of loan receivables, respectively.	Our procedures in relation to impairment assessment on loan receivables included: — Understanding through enquiry with the management the established policies and procedures on credit risk management of the Group and assessing and evaluating the process with respect to identification of loan receivables from clients with indicators of impairment and the measurement of the impairment allowance; — Evaluating the management's assessment of the credit quality of the borrowers by examining records including the financial background, current creditworthiness, collaterals and past collection history of the borrowers; — Checking the existence and recoverable amount of the underlying collaterals, if applicable; and — Checking subsequent settlement on loan receivables for the recoverability.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
We have identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group. In addition, due to the significant volume of transactions and heavy reliance on the information technology systems, minor errors could, in aggregate, have a material impact on the consolidated financial statements that could be subject to manipulation. An analysis of the Group's revenue for the year is set out in note 9 to the consolidated financial statements.	Our procedures in relation to revenue recognition included: — Understanding of the revenue business process and the different stream of revenue of the Group; — Evaluating and testing the operating effectiveness of key controls on the recognition of revenue; — Testing automated controls related to the calculation of interest income and the completeness, cut-off and accuracy of information capture; and — Substantive testing on accounting and financial record.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significant judgments and assumptions made by management of the Group in determining the fair value. Management has estimated the fair value of the Group's investment properties of approximately HK$246,000,000 as at 31 March 2017 with a fair value gain for the year ended 31 March 2017 recorded in the consolidated statement of profit or loss and other comprehensive income of approximately HK$53,998,000 which included the amount of fair value loss on the investment property classified as asset held-for-sale. The Group's investment properties are stated at fair value based on valuations performed by an independent firm of qualified professional property valuer (the "Valuer"). Details of the valuation techniques and key inputs used in the valuations are disclosed in note 18 to the consolidated financial statements.	Our procedures in relation to the valuation of investment properties included: — Assessing the competency and capabilities of the Valuer taking into account of its experience and qualification; — Assessing the methodologies used and the appropriateness of the key assumptions used by the Valuer and management in arriving at the fair value of investment properties; and — Assessing the reasonableness of key inputs used by the Valuer and management of the Group by comparing with relevant market information with similar properties.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is David Tze Kin Ng with Practising Certificate number P00553.

UHY Vocation HK CPA Limited
Certified Public Accountants

Hong Kong, 23 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
Turnover	9	**236,638**	198,177
Revenue	9	**74,788**	68,534
Cost of sales	9	**(2,391)**	(5,869)
Gross profit	9	**72,397**	62,665
Other income	9	**10,021**	49,748
Administrative expenses		**(83,277)**	(63,533)
Selling and distribution expenses		**(4,791)**	(6,517)
Change in fair value of investment properties	18	**53,998**	30,000
Change in fair value of financial assets at fair value through profit or loss		**(33,707)**	(53,035)
Gain/(loss) on disposal of financial assets at fair value through profit or loss		**682**	(3,601)
Unrealised fair value gain of derivative financial instruments	27	**–**	1,199
Impairment loss recognised in respect of loan receivables	22	**(5,368)**	(16,329)
Impairment loss recognised in respect of accounts receivable	23	**(2,531)**	(1,311)
Reversal of impairment loss recognised in respect of loan receivables	22	**2,445**	250
Finance costs	11	**(8,785)**	(5,299)
Profit/(loss) before taxation	10	**1,084**	(5,763)
Income tax expense	12	**–**	–
Profit/(loss) and total comprehensive income for the year		**1,084**	(5,763)
Profit/(loss) and total comprehensive income for the year attributable to			
— Owners of the Company		**5,698**	1,247
— Non-controlling interests		**(4,614)**	(7,010)
		1,084	(5,763)
Earnings per share			
— Basic	16	**HK0.13 cents**	HK0.03 cents
— Diluted	16	**HK0.12 cents**	HK0.03 cents

The notes on pages 62 to 132 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Furniture and equipment	17	**3,094**	4,712
Investment properties	18	**246,000**	283,333
Loan receivables	22	**75,792**	55,815
Intangible asset	19	**3,386**	3,386
Available-for-sale financial asset	20	**–**	–
		328,272	347,246
Current assets			
Inventories	21	**–**	35
Loan receivables	22	**171,422**	142,145
Accounts receivable	23	**35,862**	26,082
Promissory note receivables	24	**31,087**	3,809
Other receivables, deposits and prepayments	25	**21,268**	7,924
Available-for-sale financial asset	20	**5,000**	–
Financial assets at fair value through profit or loss	26	**77,191**	75,256
Derivative financial instruments	27	**–**	8,908
Tax recoverable		**615**	615
Client trust funds	28	**84,759**	50,068
Pledged bank deposits	29	**6,273**	6,249
Bank balances and cash	30	**176,260**	135,833
		609,737	456,924
Assets of disposal group classified as held-for-sale	31	**110,964**	–
		720,701	456,924
Current liabilities			
Accounts payable	32	**99,628**	61,936
Other payables and accruals	33	**12,611**	7,379
Derivative financial instruments	27	**–**	7,709
Promissory note payables	34	**154,293**	50,250
Borrowings	35	**116,747**	118,148
		383,279	245,422
Liabilities of disposal group classified as held-for-sale	31	**66,811**	–
		450,090	245,422
Net current assets		**270,611**	211,502

The notes on pages 62 to 132 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
Total assets less current liabilities		**598,883**	558,748
Net assets		**598,883**	558,748
Capital and reserves			
Share capital	36	**47,848**	43,530
Reserves		**562,209**	521,778
Equity attributable to the owners of the Company		**610,057**	565,308
Non-controlling interests		**(11,174)**	(6,560)
Total equity		**598,883**	558,748

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 23 June 2017 and signed on behalf of the Board by:

Ng Yiu Chuen *Executive Director*	**Mak Kit Ping** *Executive Director*

The notes on pages 62 to 132 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to the owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Special capital reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Sub-Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2015	38,906	84,483	7,480	571,147	551,049	(732,238)	520,827	450	521,277
Total comprehensive income for the year	–	–	–	–	–	1,247	1,247	(7,010)	(5,763)
Shares issued in respect of scrip dividends	413	10,857	–	–	–	–	11,270	–	11,270
Dividend recognised as distribution (Note 15)	–	–	–	–	(10,144)	–	(10,144)	–	(10,144)
Exercise of bonus warrants	4,211	37,897	–	–	–	–	42,108	–	42,108
At 31 March 2016 and 1 April 2016	43,530	133,237	7,480	571,147	540,905	(730,991)	565,308	(6,560)	558,748
Total comprehensive income for the year	–	–	–	–	–	5,698	5,698	(4,614)	1,084
Shares issued in respect of scrip dividends	75	1,304	–	–	–	–	1,379	–	1,379
Dividend recognised as distribution (Note 15)	–	–	–	–	(4,753)	–	(4,753)	–	(4,753)
Exercise of bonus warrants	4,243	38,182	–	–	–	–	42,425	–	42,425
At 31 March 2017	47,848	172,723	7,480	571,147	536,152	(725,293)	610,057	(11,174)	598,883

The notes on pages 62 to 132 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES		
Profit/(loss) before taxation	**1,084**	(5,763)
Adjustments for:		
Change in fair value of financial assets at fair value through profit or loss	**33,707**	53,035
Change in fair value of investment properties	**(53,998)**	(30,000)
Depreciation	**1,783**	2,124
Finance costs	**8,785**	5,299
Impairment loss recognised in respect of accounts receivable	**2,531**	1,311
Impairment loss recognised in respect of loan receivables	**5,368**	16,329
Impairment loss recognised in respect of other receivables	**691**	409
Impairment loss recognised in respect of promissory note receivables	**388**	–
Interest income	**(89)**	(87)
Loss on disposal of furniture and equipment	**109**	163
Loss on exchange difference, net	**48**	98
Loss on written-off of inventories	**–**	50
Reversal of impairment loss recognised in respect of accounts receivable	**(831)**	–
Reversal of impairment loss recognised in respect of loan receivables	**(2,445)**	(250)
Reversal of impairment loss recognised in respect of other receivables	**(129)**	(182)
Unrealised fair value gain of derivative financial instruments	**–**	(1,199)
Operating cash flows before changes in working capital	**(2,998)**	41,337
Inventories	**35**	276
Accounts receivable	**(11,480)**	19,996
Loan receivables	**(52,177)**	(57,269)
Other receivables, deposits, and prepayments	**(14,023)**	(1,843)
Derivative financial instruments	**1,199**	–
Financial assets at fair value through profit or loss	**(35,642)**	(44,431)
Client trust funds	**(34,691)**	23,963
Accounts payable	**37,692**	(42,947)
Other payables and accruals	**5,843**	2,173
Promissory note receivables	**(27,666)**	(3,809)
Cash used in operations	**(133,908)**	(62,554)
Hong Kong Profits Tax paid	**–**	–
NET CASH USED IN OPERATING ACTIVITIES	**(133,908)**	(62,554)

The notes on pages 62 to 132 form part of these consolidated financial statements.

	2017 HK$'000	2016 HK$'000
INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash acquired	**–**	(3,398)
Interest received	**89**	87
Proceeds from disposals of furniture and equipment	**56**	3
Acquisition of furniture and equipment	**(885)**	(2,898)
Acquisition of available-for-sale financial asset	**(5,000)**	–
Deposits paid for the redevelopment project	**(16,669)**	(12,977)
NET CASH USED IN INVESTING ACTIVITIES	**(22,409)**	(19,183)
FINANCING ACTIVITIES		
Proceeds from bank and other borrowings	**67,334**	101,448
Repayments of bank borrowings	**(2,535)**	(81,819)
Interest paid	**(8,785)**	(5,299)
Increase in promissory note payables	**104,043**	50,250
Increase in pledged bank deposits	**(24)**	(40)
Dividend paid	**(3,374)**	(6,600)
Proceeds from issue of shares	**42,425**	42,108
NET CASH GENERATED FROM FINANCING ACTIVITIES	**199,084**	100,048
NET INCREASE IN CASH AND CASH EQUIVALENTS	**42,767**	18,311
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**135,833**	117,522
CASH AND CASH EQUIVALENTS OF DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE	**(2,340)**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Bank balances and cash	**176,260**	135,833

The notes on pages 62 to 132 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. GENERAL INFORMATION

Styland Holdings Limited (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. 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 dollars ("HK$"), which is also the functional currency of the Company. 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 (together with the Company collectively referred to as the "Group") are set out in note 44.

These consolidated financial statements have been approved for issue by the Board of Directors on 23 June 2017.

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

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

The Group has adopted the following revised HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable methods of Depreciation and Amortisation
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

The adoption of the revised HKFRSs has had no significant financial impact on these consolidated financial statements.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendment to HKFRS 15	Clarifications to HKFRS15[2]
HKFRS 16	Leases[3]
Amendment to HKAS 7	Statement of Cash Flows — Disclosure Initiative[1]
Amendment to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendment to HKAS 40	Transfer of Investment Property[2]

[1] Effective for the accounting period beginning on or after 1 January 2017
[2] Effective for the accounting period beginning on or after 1 January 2018
[3] Effective for the accounting period beginning on or after 1 January 2019

The directors of the Company anticipate that the application of the above new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost convention, as modified by the available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties, which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The area 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 notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of preparation *(Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristic of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

— Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

— Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

— Level 3 inputs are unobservable inputs for the asset or liability.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

— has power over the investee;

— is exposed, or has rights, to variable returns from its involvement with the investee; and

— has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interest in subsidiaries are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Non-controlling interest in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in subsidiaries

Investment in a subsidiary is stated at cost less any identified impairment loss on the statement of financial position of the Company.

Furniture and equipment

Furniture and equipment held for use in the production or supply of services, or for administrative purposes, are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Furniture and equipment *(Continued)*

Depreciation of furniture and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. All of the Group's property interests held under operating leases to earn rental or for capital appreciation purpose are classified and accounted for as investment property and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effective of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable on the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than financial assets classified as FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is held for trading. A financial asset is classified as held for trading if:

— it has been acquired principally for the purpose of selling in the near future; or

— it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

— it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in gain from changes in fair value of held for trading investments. Fair value is determined in the manner described in note 7.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan receivables, accounts receivable, other receivables and deposits, client trust funds, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determined payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group designated that the promissory note receivables as a held-to-maturity investment. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss of financial assets below).

Impairment loss of financial assets

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

— significant financial difficulty of the issuer or counterparty; or

— breach of contract, such as default or delinquency in interest and principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss of financial assets (Continued)

For certain categories of loans and receivables, such as loan receivables, accounts receivable and other receivables and deposits, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investment, impairment has previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of revaluation surplus.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments (i.e. treasury shares) is recognised and deducted directly from equity attributable to the owners of the Company until the shares are cancelled or re-issued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including accounts payable, other payables and accruals, promissory note payables and borrowings are subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instrument

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities, when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Accounts receivable and other receivables

Accounts receivable and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection of accounts and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Accounts payable and other payables

Accounts payable and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before income tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and joint ventures except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the economic benefits embodied in the properties will be recovered).

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from the settlement of monetary items, and from the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

The Group as lessee

Operating leases payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts.

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

(a) revenue from sales of goods is recognised on the transfer of significant risk and rewards of the ownership which generally coincides with the time when the goods are delivered and title has passed to the customers;

(b) revenue from trading of securities and securities dealing is recognised on the trade date basis;

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

(d) consultancy, financing advisory and placing service income are recognised when services are provided;

(e) interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

(f) dividend income from investments is recognised when the shareholders' rights to receive payment have been established;

(g) revenue from consignment sales is recognised by the shipper when the goods are sold by recipient to and third party; and

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

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for making operational decision and allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

(a) Retirement benefits scheme

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

(b) Long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance ("Employment Ordinance") in the event of the termination of their employment under the circumstances specified in the Employment Ordinance. A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

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

(ii) has significant influence over the Group; or

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

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors of the Company have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated useful lives of furniture and equipment

The Group's carrying values of furniture and equipment as at 31 March 2017 was approximately HK$3,094,000 (2016: HK$4,712,000). The Group depreciates the furniture and equipment over the estimated useful lives, using the straight line method, at the rate of 15-25% per annum, commencing from the date the furniture and equipment is placed into productive use. The estimated useful life reflects the Directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's furniture and equipment. The Group assesses annually the useful lives of furniture and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be charged in the future period.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimated impairment loss recognised in respect of accounts receivable, loan receivables, other receivables and promissory note receivables

Management regularly reviews and judges the recoverability and/or age of receivables. Appropriate impairment for estimated irrecoverable amounts is recognised in profit or loss when there is objective evidence that the asset is impaired.

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

As at 31 March 2017, the carrying amount of accounts receivable is approximately HK$35,862,000 (net of accumulated impairment losses of approximately HK$3,011,000) (2016: HK$26,082,000 (net of accumulated impairment losses of approximately HK$1,311,000)); the carrying amount of loan receivables is approximately HK$247,214,000 (net of accumulated impairment losses of approximately HK$42,271,000) (2016: HK$197,960,000 (net of accumulated impairment losses of approximately HK$39,348,000)); the carrying amount of promissory note receivables is approximately HK$31,087,000 (net of accumulated impairment losses of approximately HK$388,000) (2016: HK$3,809,000 (net of accumulated impairment losses of HK$Nil)).

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. The management would determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent which is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Fair value measurements and valuation processes *(Continued)*

Investment properties are carried in the consolidated statement of financial position as at 31 March 2017 at the fair value of approximately HK$246,000,000 (2016: HK$283,333,000). The fair value was based on valuation on the properties conducted by an independent firm of professional valuer using direct comparison or residual approach which involve certain assumptions of market conditions. Favorable or unfavorable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in profit or loss.

Note 18 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value.

6. CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries which engage in securities dealing and brokerage service, corporate finance and advisory service are the regulated entities under the Hong Kong Securities and Futures Ordinance and are subject to the respective minimum capital requirements. During the two years, the subsidiaries compiled with respective minimum capital requirements. No changes were made in the objective, policies or processes for managing capital during the years ended 31 March 2017 and 2016.

The capital structure of the Group consists of debts which included the borrowings as disclosed in note 35, bank balances and cash as disclosed in note 30 and equity attributable to owners of the Company, comprising issued share capital as disclosed in note 36 and reserves.

The Directors of the Company review the capital structure on an annual basis. As part of this review, the Directors of the Company consider the cost of capital and risks associated with each class of capital and will balance its overall capital structure through the raise of borrowings, payment of dividends and issue of share options and new shares. There is no change in the capital risk management policy adopted by the Company during the years ended 31 March 2017 and 2016.

7. FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
— held for trading investments	**77,191**	75,256
Available-for-sale financial assets		
— available-for-sale financial asset	**5,000**	–
Derivative		
— derivative financial instruments	**–**	8,908
Loans and receivables		
— loan receivables	**247,214**	197,960
— accounts receivable	**35,862**	26,082
— other receivables and deposits	**20,124**	6,706
— client trust funds	**84,759**	50,068
— pledged bank deposits	**6,273**	6,249
— bank balances and cash	**176,260**	135,833
— promissory note receivables	**31,087**	3,809
	601,579	426,707
	683,770	510,871

	2017 HK$'000	2016 HK$'000
Financial liabilities		
Derivative		
— derivative financial instruments	**–**	7,709
Other financial liabilities at amortised cost		
— accounts payable	**99,628**	61,936
— other payables and accruals	**12,611**	7,379
— promissory note payables	**154,293**	50,250
— borrowings	**116,747**	118,148
	383,279	245,422

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

7. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk management objectives and policies

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

The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

(i) Currency risk

The Group's business activities and its assets and liabilities were mainly denominated in HK$, Renminbi ("RMB") and United States dollars ("USD"). The management considers the Group, does not expose to significant foreign currency risk as majority of its operations and transaction are denominated in the functional currency of the group entity. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

USD is not the functional currency of the Group. However, given that HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rates. In the opinion of Directors of the Company, the foreign currency sensitivity does not give additional value in view of insignificant movement in the USD/HK$ exchange rates and insignificant exposure of other foreign currencies in relation to bank balances (see note 30) at the end of the reporting period, except for RMB. Accordingly, the foreign currency sensitivity disclosed includes the analysis for RMB only.

The sensitivity analysis has been determined based on 5% (2016: 5%) increase and decrease in RMB against HK$. For a 5% (2016: 5%) weakening of RMB against HK$, there would be a decrease/increase in post-tax profit by HK$274,000 (2016: HK$252,000).

7. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk management objectives and policies *(Continued)*

(a) Market risk *(Continued)*

(ii) Interest rate risk

The Group is also exposed to cash flow interest rate risk in relation to loan receivables, promissory note receivables, client trust funds, bank balances, accounts payable, promissory note payables and borrowings (see notes 22, 24, 28, 30, 32, 34 and 35 respectively for details). The interest rate risk is managed by the Directors of the Company on an ongoing basis with the primary objective of limiting extent to which interest expense could be affected by adverse movement in interest rates.

The sensitivity analysis below has been determined based on the exposure to interest rates for loan receivables, client trust funds, bank balances, accounts payable and borrowings at the end of reporting period. The analysis is prepared assuming financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 100 (2016: 100) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 (2016:100) basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2017 would increase/decrease by HK$1,686,000 (2016: HK$1,574,000).

(iii) Other price risk

Other price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group is exposed to equity price risk arising from individual equity investment classified as FVTPL (note 26) as at 31 March 2017. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the reporting date. In addition, the Group monitors the price risk exposure and will consider hedging the risk exposure should the need arise.

The sensitivity analyses below have been determined based on the Group's exposure to equity price risks at the reporting date.

If the price of the respective equity instruments classified as FVTPL had been 5% (2016: 5%) higher/lower, the post-tax profit for the year ended 31 March 2017 would increase/decrease by approximately HK$3,223,000 (2016: HK$3,142,000) for the Group, as a result of the changes in fair value of financial assets classified as FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

7. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk management objectives and policies *(Continued)*

(b) Credit risk

As at 31 March 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts in this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

For the securities dealing, brokerage and financial business, loan will be granted based on assessment on financial status, repayment records and the liquidity of collaterals placed by a customer and the interest rate will be determined thereon. The Group's loans to customers arising from the business of securities dealings are secured by the underlying pledged securities. Loan will be repayable on demand once a customer fails to repay any deposit, margin or other sum payable to the Group.

The account executives of the Group are responsible for making margins calls to customers whose trade exceed their respective limits. The deficiency report will be monitored daily by the Group's Director and responsible officers.

The Group has concentration of credit risk as 15% (2016: 20%) and 46% (2016: 52%) of the total accounts receivable was due from the Group's largest customer and the five largest customers respectively. The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 100% (2016: 100%) of the total accounts receivable as at 31 March 2017.

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

7. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk management objectives and policies *(Continued)*

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate banking facilities from major financial institutions to meet its liquidity requirements in the short and long term.

Due to the inclusion of a repayment on demand clause in the respective facilities agreements, such portion of secured bank borrowings, amounted to approximately HK$15,210,000 (2016: HK$50,164,000) with a contractual repayment terms maturing more than one year, were classified as current liabilities as at 31 March 2017.

In respect of the Group's securities dealing and brokerage services business, it is subject to various statutory liquidity requirements as prescribed by the Securities and Futures Ordinance. The Group has put in place monitoring system to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the relevant Financial Resources Rules.

Liquidity tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities as at 31 March 2017 and 2016. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay.

In addition, the table for information as at 31 March 2017 also detailed the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash flows on derivative instruments that settle on a net basis. The derivative financial instruments were denominated in HK$. The liquidity analysis for the Group's derivative financial instruments prepared based on the contractual maturities of the contracts as the management consider that the contractual maturities of the contracts were essential for an understanding of the timing of the cash flows of derivatives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

7. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk management objectives and policies *(Continued)*

(c) Liquidity risk *(Continued)*

As at 31 March 2017

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

As at 31 March 2016

	Interest Rate	On demand/ within one year HK$'000	One year to two years HK$'000	Over two years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying Amount HK$'000
Non-derivative financial liabilities						
Accounts payable		61,936	–	–	61,936	61,936
Other payables and accruals		7,379	–	–	7,379	7,379
Promissory note payables	5%–13.45%	50,250	–	–	50,250	50,250
Borrowings*	2.5%–3.6%	118,148	–	–	118,148	118,148
		237,713	–	–	237,713	237,713
Derivatives						
Derivative financial instruments		7,709	–	–	7,709	7,709

* The loan agreements contain a repayment on-demand clause giving the lenders unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity analysis, the total amounts are classified as "on demand".

7. FINANCIAL RISK MANAGEMENT *(Continued)*

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

— The fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; and

— The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions as input.

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

Fair value measurements recognised in the consolidated statement of financial position

The following table provides and analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

7. FINANCIAL RISK MANAGEMENT *(Continued)*

Fair value *(Continued)*

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

As at 31 March 2017

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Assets				
Financial assets at fair value through profit or loss	**77,191**	**–**	**–**	**77,191**

As at 31 March 2016

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Financial assets at fair value through profit or loss	75,256	–	–	75,256
Derivative financial instruments	–	8,908	–	8,908
	75,256	8,908	–	84,164

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Liabilities				
Derivative financial instruments	–	7,709	–	7,709

8. SEGMENT 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 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 dealing, brokerage financing, corporate finance, asset management and other financing services;

— the mortgage financing segment mainly 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;

— the securities trading segment engages in trading of securities and derivative products; and

— the segment of others includes retail and trading of food products, which has been ceased during FY2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

8. SEGMENT INFORMATION *(Continued)*

Segment revenues and results

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

For the year ended 31 March 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 profit/(loss) after inter-segment transactions	(15,495)	20,464	56,144	(33,559)	(398)	–	27,156
Unallocated income and expenses							(26,072)
Profit before taxation							1,084

8. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

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

For the year ended 31 March 2016

	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	33,073	31,607	2,804	252	798	–	68,534
Inter-segment sales	538	–	–	–	201	(739)	–
	33,611	31,607	2,804	252	999	(739)	68,534
Segment profit/(loss) after inter-segment transactions	(13,541)	14,905	31,209	(57,637)	(3,194)	–	(28,258)
Unallocated income and expenses							22,495
Loss before taxation							(5,763)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4. Segment profit/(loss) represents the profit earned by/(loss from) each segment without allocation of central administrative costs, Directors' emoluments, bank interest income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Inter-segment sales are charged at prevailing market rates.

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For the year ended 31 March 2017

8. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

The segment assets and liabilities as at 31 March 2016 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	143,267	155,615	284,197	75,256	648	145,187	804,170
Segment liabilities	81,336	43,711	951	5	151	119,268	245,422

For the purposes of monitoring segment performances and allocating resources between segments:

— all assets are allocated to reportable segments other than tax recoverable, pledged bank deposits, bank balances and cash, unallocated furniture and equipment, and unallocated other receivables, deposits and prepayments; and

— all liabilities are allocated to reportable segments other than borrowings and unallocated other payables and accruals.

8. SEGMENT INFORMATION *(Continued)*

Other segment information

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 recognised in respect of loan receivables	(4,269)	(1,099)	–	–	–	–	(5,368)
Impairment loss recognised in respect of accounts receivable	(2,531)	–	–	–	–	–	(2,531)
Impairment loss recognised in respect of other receivables	–	(691)	–	–	–	–	(691)
Impairment loss recognised in respect of promissory note receivables	(388)	–	–	–	–	–	(388)
Reversal of impairment loss recognised in respect of loan receivables	833	1,612	–	–	–	–	2,445
Reversal of impairment loss recognised in respect of accounts receivable	831	–	–	–	–	–	831
Reversal of impairment loss recognised in respect of other receivable	–	129	–	–	–	–	129
Bad debt recovery for loan receivables	106	–	–	–	–	–	106
Depreciation	(1,012)	(94)	(228)	–	–	(449)	(1,783)
Loss on exchange difference, net	(48)	–	–	–	–	–	(48)
Gain/(Loss) on disposal of furniture and equipment	(1)	(1)	–	–	(157)	50	(109)
Additions to non-current assets (note)	509	5	16,890	–	–	149	17,553
Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:							
Interest income	26	–	7	–	–	56	89
Finance costs	(4,086)	(966)	(3,730)	(3)	–	–	(8,785)
Income tax expense	–	–	–	–	–	–	–

Note: The amounts exclude those additions to loan receivables, intangible asset and available-for-sale financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

8. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 March 2016

	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	–	–	30,000	–	–	–	30,000
Change in fair value of financial assets at fair value through profit or loss	–	–	–	(53,035)	–	–	(53,035)
Loss on disposal of financial assets at fair value through profit or loss	–	–	–	(3,601)	–	–	(3,601)
Impairment loss recognised in respect of loan receivables	(8,038)	(8,291)	–	–	–	–	(16,329)
Impairment loss recognised in respect of accounts receivable	(1,311)	–	–	–	–	–	(1,311)
Impairment loss recognised in respect of other receivables	–	(409)	–	–	–	–	(409)
Reversal of impairment loss recognised in respect of loan receivables	9	241	–	–	–	–	250
Reversal of impairment loss recognised in respect of other receivables	–	–	–	–	–	182	182
Bad debt recovery for loan receivables	96	–	–	–	–	–	96
Unrealised fair value gain of derivative financial instrument	1,199	–	–	–	–	–	1,199
Depreciation	(1,424)	(84)	(118)	–	(62)	(436)	(2,124)
Gain/(Loss) on exchange difference, net	(8)	–	–	–	12	(98)	(94)
Loss on disposal of furniture and equipment	(21)	–	–	–	(142)	–	(163)
Additions to non-current assets (note)	1,983	94	13,763	–	12	16	15,868
Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:							
Interest income	21	–	1	–	–	65	87
Finance costs	(1,917)	(405)	(2,026)	–	–	(951)	(5,299)
Income tax expense	–	–	–	–	–	–	–

Note: The amounts exclude those additions to loan receivables, intangible asset and available-for-sale financial asset.

8. SEGMENT INFORMATION *(Continued)*

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2017 HK$'000	2016 HK$'000
Fees and commission income from brokerage and corporate finance	**25,460**	23,850
Interest income from margin and other financing	**16,348**	9,223
Interest income from mortgage financing	**29,244**	31,607
Rental income	**3,049**	2,804
Dividend income	**648**	252
Sales of foods	**39**	798
	74,788	68,534

Geographical information

The Group's operations are located in Hong Kong (country of domicile).

The Group's revenue from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
Hong Kong	**74,788**	68,534	**249,094**	288,045

Note: Non-current assets excluded loan receivables, intangible asset and available-for-sale financial asset.

Information about major customers

For the years ended 31 March 2017 and 2016, none of the customer individually accounted for over 10% of the Group's total revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

9. TURNOVER, REVENUE, COST OF SALES AND OTHER INCOME

Turnover represents the amounts received and receivable for goods sold and services provided, trading of securities, fees and commission income from brokerage and corporate finance, interest income from mortgage, margin and other financing, dividend income and rental income are analysed as follows:

	2017 HK$'000	2016 HK$'000
Turnover comprises:		
Proceeds from investments held for trading	**161,850**	129,643
Fees and commission income from brokerage and corporate finance	**25,460**	23,850
Interest income from margin and other financing	**16,348**	9,223
Interest income from mortgage financing	**29,244**	31,607
Dividend income	**648**	252
Rental income	**3,049**	2,804
Sales of goods	**39**	798
	236,638	198,177
Revenue comprises:		
Fees and commission income from brokerage and corporate finance	**25,460**	23,850
Interest income from margin and other financing	**16,348**	9,223
Interest income from mortgage financing	**29,244**	31,607
Dividend income	**648**	252
Rental income	**3,049**	2,804
Sales of goods	**39**	798
	74,788	68,534
Cost of sales comprises:		
Direct cost in respect of securities brokerage business	**2,338**	5,282
Cost of goods sold	**53**	587
	2,391	5,869
Gross profit/(loss) comprises:		
Fees and commission income from brokerage and corporate finance	**23,122**	18,568
Interest income from margin and other financing	**16,348**	9,223
Interest income from mortgage financing	**29,244**	31,607
Dividend income	**648**	252
Rental income	**3,049**	2,804
Sales of goods	**(14)**	211
	72,397	62,665

9. TURNOVER, REVENUE, COST OF SALES AND OTHER INCOME *(Continued)*

	2017 HK$'000	2016 HK$'000
Other income comprises:		
Arrangement fee income	**2,572**	745
Bank interest income	**89**	87
Reversal of impairment loss recognised in respect of other receivables	**129**	182
Reversal of impairment loss recognised in respect of accounts receivable	**831**	–
Bad debt recovery from loan receivables	**106**	96
Gain on settlement of derivative financial instruments	**4,664**	–
Reversal of impairment loss recognised in respect of promissory note receivable	**–**	42,960
Premium income	**–**	2,652
Sundry income	**1,630**	3,026
	10,021	49,748

10. PROFIT/(LOSS) BEFORE TAXATION

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

	2017 HK$'000	2016 HK$'000
Staff costs (including Directors' emoluments):		
— Salaries, allowances and other benefits	**45,982**	35,497
— Retirement benefit scheme contributions	**1,164**	971
Auditor's remuneration	**880**	830
Consultancy fee	**7,017**	420
Depreciation	**1,783**	2,124
Loss on exchange difference, net	**48**	94
Loss on disposals of furniture and equipment	**109**	163
Lease payments under operating leases for rented premises	**6,960**	6,559
Impairment loss recognised in respect of loan receivables	**5,368**	16,329
Impairment loss recognised in respect of accounts receivable	**2,531**	1,311
Impairment loss recognised in respect of other receivables	**691**	409
Impairment loss recognised in respect of promissory note receivables	**388**	–
Cost of inventories recognised as an expense	**53**	587

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

11. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest on:		
— bank borrowings wholly repayable within five years	3,751	2,990
— other borrowings wholly repayable within five years	5,034	2,309
	8,785	5,299

12. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the consolidated financial statements for the years ended 31 March 2017 and 2016 as the Company and its subsidiaries either has available losses brought forward from prior years to offset the assessable profits generated during both years or did not generate any assessable profits arising in Hong Kong during both years.

The income tax expense for the year can be reconciled to the profit/(loss) before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 HK$'000	2016 HK$'000
Profit/(loss) before taxation	1,084	(5,763)
Tax at domestic income tax rate of 16.5%	179	(951)
Tax effect of expenses not deductible for tax purpose	14,417	(5,394)
Tax effect of income not taxable for tax purpose	(26,807)	2,573
Tax effect of temporary differences not recognised	(167)	(269)
Tax effect of tax losses not recognised	13,342	4,909
Utilisation of tax loss previously not recognised	(964)	(868)
Income tax expense for the year	–	–

As at 31 March 2017, the Group has unused tax losses of approximately HK$293,587,000 (2016: HK$218,566,000) available for offset against future profits. No deferred tax asset has been recognised of such losses due to the unpredictability of future profit streams for certain of subsidiaries. The tax losses may be carried forward indefinitely.

13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of ten (2016: nine) Directors were as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

13. DIRECTORS' EMOLUMENTS *(Continued)*

Name of Director	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2016					
Executive Directors					
Cheung Hoo Win	–	538	90	18	646
Ng Yiu Chuen	–	864	580	18	1,462
Mak Kit Ping	–	699	290	35	1,024
Zhang Yuyan	–	150	–	–	150
Chen Lili	–	120	–	–	120
Independent Non-Executive Directors					
Zhao Qingji	200	–	–	–	200
Yeung Shun Kee	130	–	–	–	130
Li Hancheng	100	–	–	–	100
Lo Tsz Fung Philip	80	–	–	–	80
	510	2,371	960	71	3,912

None of Directors of the Company waived or agreed to waive any emoluments for the two years ended 31 March 2017 and 2016.

No emoluments have been paid to the Directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the two years ended 31 March 2017 and 2016.

14. EMPLOYEES' EMOLUMENTS

During the year, the five highest paid individuals included one director (2016: one director) of the Company, whose emoluments have been included in note 13 above. The emoluments of the remaining four individuals (2016: four individuals) for the years ended 31 March 2017 and 2016 were as follows:

	2017 HK$'000	2016 HK$'000
Salaries, allowances and other benefits	**12,614**	5,999
Retirement benefit scheme contributions	**71**	52
	12,685	6,051

No emoluments have been paid to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the two years ended 31 March 2017 and 2016.

The above emoluments fall within the following band:

	Number of employees	
	2017	2016
Nil to HK$1,500,000	**–**	–
HK$1,500,001 to HK$3,000,000	**2**	3
HK$3,000,001 to HK$4,500,000	**2**	1
	4	4

15. DIVIDENDS

	2017 HK$'000	2016 HK$'000
Dividends recognised as distribution during the year:		
Final for 2015 — HK0.238 cents per share with a scrip alternative	**–**	10,144
Interim for 2017 — HK0.10 cents per share with a scrip alternative	**4,753**	–
	4,753	10,144

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

16. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the year is based on the following data:

Earnings:

	2017 HK$'000	2016 HK$'000
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**5,698**	1,247

Number of shares:

	2017	2016
Weighted average number of ordinary shares in issue during the year for the purpose of basic earnings per share	**4,553,633,261**	4,245,047,918
Effect of dilutive potential ordinary shares — Bonus warrants	**364,219,746**	292,859,018
Weighted average number of ordinary shares in issue during the year for the purpose of diluted earnings per share	**4,917,853,007**	4,537,906,936

17. FURNITURE AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 2016	4,859	7,493	3,244	15,596
Additions	364	521	–	885
Disposals	–	(240)	(498)	(738)
Transferred to disposal group classified as held-for-sale (Note 31)	(900)	–	–	(900)
At 31 March 2017	4,323	7,774	2,746	14,843
ACCUMULATED DEPRECIATION				
At 1 April 2016	3,613	5,377	1,894	10,884
Charge for the year	719	665	399	1,783
Written back on disposals	–	(75)	(498)	(573)
Transferred to disposal group classified as held-for-sale (Note 31)	(345)	–	–	(345)
At 31 March 2017	3,987	5,967	1,795	11,749
NET BOOK VALUE				
At 31 March 2017	336	1,807	951	3,094
COST				
At 1 April 2015	3,361	6,412	3,244	13,017
Additions	1,564	1,334	–	2,898
Disposals	(66)	(253)	–	(319)
At 31 March 2016	4,859	7,493	3,244	15,596
ACCUMULATED DEPRECIATION				
At 1 April 2015	2,564	4,854	1,495	8,913
Charge for the year	1,067	658	399	2,124
Written back on disposals	(18)	(135)	–	(153)
At 31 March 2016	3,613	5,377	1,894	10,884
NET BOOK VALUE				
At 31 March 2016	1,246	2,116	1,350	4,712

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

18. INVESTMENT PROPERTIES

The fair value of the investment properties at 31 March 2017 was revalued by Jones Lang LaSalle Limited (31 March 2016: Vigers Appraisal & Consulting Limited), both of them are independent qualified professional surveyors who have the recent experience in the location and category of property being valued, which was based on the direct comparison approach, assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market while appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject properties; and the residual approach with reference to estimated sales prices of similar completed property allowing for the outstanding development cost, primarily construction cost to complete. In relies on series of assumption, with reference to the prevailing market condition, to arrive at an estimated market value of the properties.

The fair value of investment properties is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

	2017 **HK$'000**	2016 HK$'000
Fair value		
At 1 April	**283,333**	236,000
Capitalised subsequent expenditures	**16,669**	17,333
Changes in fair value recognised in profit or loss	**53,998**	30,000
Transferred to disposal group classified as held-for-sale (Note 31)	**(108,000)**	–
At 31 March	**246,000**	283,333
Leasehold properties situated in Hong Kong held under		
long-term lease	**–**	110,000
medium-term lease	**246,000**	173,333
	246,000	283,333

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

18. INVESTMENT PROPERTIES *(Continued)*

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

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

At the end of the reporting period, the Group's investment properties of approximately HK$246,000,000 (2016: HK$283,333,000) has been pledged to secure the banking and loan facilities granted to the Group as details stated in note 39.

19. INTANGIBLE ASSET

	Goodwill **HK$'000**
Cost and carrying values	
At 31 March 2017 and 2016	**3,386**

The recoverable amount of the cash-generating units arising from Ever-Long Capital Management Limited is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a 5-year period, and a discount rate of 2.7% per annum.

Cash flow projections during the budget period are based on the expected return of private equity funds throughout the budget period. In the opinion of the directors, no impairment loss was required for the year ended 31 March 2017.

The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the group of units to exceed the aggregate its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2016
	HK$'000	HK$'000
At 1 April	**–**	–
Addition	**5,000**	–
At 31 March	**5,000**	–

Available-for-sale financial assets include the following:

	2017	2016
	HK$'000	HK$'000
Unlisted investments		
— equity securities, at cost	**3,857**	3,857
— equity fund, at cost	**5,000**	–
Less: Allowance for impairment loss	**(3,857)**	(3,857)
Total	**5,000**	–

The Group's available-for-sale financial assets (net of impairment loss) are analysed into:

	2017	2016
	HK$'000	HK$'000
Non-current assets	**–**	–
Current assets	**5,000**	–
	5,000	–

The investments included above represent investments in unlisted equity securities that offer the Group the opportunity for return through dividend income. The above unlisted investments represent equity interest in two (2016: one) private entities incorporated overseas. The unlisted investments are measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

This available-for-sale financial assets are denominated in HK$ and their carrying values approximates their fair values. As at 31 March 2017, an impairment loss of approximately HK$3,857,000 (2016: HK$3,857,000) in respect of available-for-sale financial assets as a result of its decrease in the recoverable amounts has been recognised.

21. INVENTORIES

	2017 HK$'000	2016 HK$'000
Finished goods	–	35

22. LOAN RECEIVABLES

	2017 HK$'000	2016 HK$'000
Securities dealing and brokerage services		
— secured margin loans (note 1)	**108,340**	68,361
Less: Allowance for impairment losses	**(26,498)**	(23,053)
	81,842	45,308
Financing business		
— unsecured loans	**6,226**	6,509
— secured loans	**22,825**	–
— secured mortgage loans (note 2)	**152,094**	162,438
Less: Allowance for impairment losses	**(15,773)**	(16,295)
	165,372	152,652
	247,214	197,960
The Group's loan receivables (net of impairment losses) are analysed into:		
— Non-current assets	**75,792**	55,815
— Current assets	**171,422**	142,145
	247,214	197,960

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 brokerage services.

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

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For the year ended 31 March 2017

22. LOAN RECEIVABLES *(Continued)*

For securities dealing and brokerage services:

The amount of credit facilities granted to clients is determined by the market value of the collateral securities accepted by the Group. As at 31 March 2017, the total market value of securities pledged as collateral in respect of the loans to clients was approximately HK$316,489,000 (2016: HK$197,126,000).

Loan receivables on secured margin loans of approximately HK$108,340,000 (2016: HK$68,361,000) are repayable on demand and bear interests at interest rates with reference to prime rate plus a spread for both years.

For financing business:

Loan receivables on unsecured loans of approximately HK$3,442,000 (2016: HK$3,483,000) bear interests at interest rates with reference to commercial rates, the remaining balances of approximately HK$2,784,000 (2016: HK$3,026,000) are non-interest-bearing.

Loan receivables on secured loans of approximately HK$22,825,000 (2016: Nil) bear interests at interest rates with reference to commercial rates and loan receivables on secured mortgage loans of approximately HK$152,094,000 (2016: HK$162,438,000) are repayable on demand or agreed by individual borrowers and bear interest rates with reference to commercial rates. The loan receivables which would be received over one year were recorded as non-current receivables. As at 31 March 2017, the total market value of properties pledged as collateral in respect of the mortgage loans was approximately HK$450,914,000 (2016: HK$463,955,000).

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

	2017 **HK$'000**	2016 HK$'000
Within 6 months	**108,328**	109,851
Over 6 months and up to 1 year	**37,581**	39,480
Over 1 year	**19,463**	3,321
	165,372	152,652

22. LOAN RECEIVABLES *(Continued)*

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

	2017 **HK$'000**	2016 HK$'000
On demand or within 1 year	**89,579**	96,837
In more than 1 year and up to 5 years	**31,644**	14,905
Over 5 years	**44,149**	40,910
	165,372	152,652

In respect of the loan receivables for the financing business, individual credit evaluation are performed on all customers. These evaluations focus on the customer's financial background and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

Apart from assessing the financial position of the clients, the management further reviews value of the clients' pledged properties by reference to recent market transactions in comparable properties for the loan receivables on every secured loan for the financing business. If the market value of secured real estate is deteriorated and is below the carrying amount of the corresponding financing advances, provision of impairment may be required.

The following is an aging analysis of the Group's loan receivables for the financing business which are past due but not impaired at the end of the reporting period:

			Past due but not impaired			
	Total HK$'000	**Neither past due nor impaired** HK$'000	**<90 days** HK$'000	**91 to 180 days** HK$'000	**181 to 365 days** HK$'000	**Over 1 year** HK$'000
31 March 2017	**165,372**	**165,372**	**–**	**–**	**–**	**–**
31 March 2016	152,652	152,652	–	–	–	–

The properties owned by clients were pledged to the Group over the amount of loan receivables on every secured loan for financing business. The Group does not hold any collateral over the total amount of unsecured loans for financing business.

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22. LOAN RECEIVABLES *(Continued)*

At the end of each reporting date, the Group's loan receivables were individually determined to be impaired. The individually impaired loan receivables are recognised based on the credit history of its client, such as financial difficulties or default in payments, sufficiency of collateral and current market conditions. Consequently, specific impairment provision was recognised.

Receivables that were past due but not impaired relate to a number of independent clients that either have a good track record with the Group or the Group has sufficient collateral over the individual loan receivable. Based on past experience, the Directors of the Company are of the opinion that no impairment is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable.

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

	Financing business		Margin clients		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1 April	**16,295**	8,254	**23,053**	15,015	**39,348**	23,269
Impairment loss recognised for the year	**1,099**	8,291	**4,269**	8,038	**5,368**	16,329
Reversal of impairment loss recognised for the year	**(1,621)**	(250)	**(824)**	–	**(2,445)**	(250)
At 31 March	**15,773**	16,295	**26,498**	23,053	**42,271**	39,348

As at 31 March 2017, loan receivables of HK$40,864,000 (2016: HK$37,807,000) were individually determined to be impaired. The individually impaired receivables related to clients that were in severe financial difficulties or which have been in disputes with the Group.

Specific impairment provision of HK$5,282,000 (2016: HK$15,930,000) was recognised for the year.

23. ACCOUNTS RECEIVABLE

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

	2017 **HK$'000**	2016 HK$'000
Accounts receivable	**38,873**	27,393
Less: Allowance for impairment losses	**(3,011)**	(1,311)
	35,862	26,082

	2017 **HK$'000**	2016 HK$'000
Balance in relation to:		
— securities dealing and brokerage services	**31,887**	25,960
— others	**3,975**	122
	35,862	26,082

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:

	2017 **HK$'000**	2016 HK$'000
Within 6 months	**27,761**	21,390
Over 6 months and up to 1 year	**2,148**	4,449
Over 1 year	**5,953**	243
	35,862	26,082

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23. ACCOUNTS RECEIVABLE *(Continued)*

Included in the Group's accounts receivable balances are accounts receivable with aggregate carrying amount of HK$28,566,000 (2016 HK$23,577,000) which are past due at the reporting date for which the Group has not provided for impairment loss. These past due but not impaired balances mainly represent sales and services made to recognised and creditworthy customers. These customers who trade on credit terms are subject to credit verification procedures. For these past due but not impaired balances, no impairment is considered necessary by the Directors of the Company based on the historical payment records.

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

			Past due but not impaired			
	Total HK$'000	Neither past due nor impaired HK$'000	<90 days HK$'000	91 to 180 days HK$'000	181 to 365 days HK$'000	Over 1 year HK$'000
31 March 2017	**35,862**	**7,296**	**11,229**	**9,236**	**2,148**	**5,953**
31 March 2016	26,082	2,505	6,393	12,492	4,449	243

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

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

	2017 HK$'000	2016 HK$'000
At 1 April	**1,311**	–
Impairment loss recognised for the year	**2,531**	1,311
Reversal of impairment loss	**(831)**	–
At 31 March	**3,011**	1,311

Included in the impairment of accounts receivable are individually impaired accounts receivable with an aggregate balance of HK$3,011,000 (2016: HK$1,311,000) which have been in disputes with the Group or in severe financial difficulties.

The Group held listed securities in client accounts with market value at 31 March 2017 of approximately HK$113,940,000 (2016: HK$71,111,000) as collateral over these balances.

24. PROMISSORY NOTE RECEIVABLES

	2017 HK$'000	2016 HK$'000
Promissory note receivables	**31,475**	3,809
Less: Allowance for impairment losses	**(388)**	–
	31,087	3,809

The promissory note receivables are regarded as financial assistances to corporations. These promissory notes bear interest at the rate 12–36% per annum and are repayable on demand.

25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 HK$'000	2016 HK$'000
Deposits	**2,964**	2,984
Prepayments	**1,144**	1,219
Interest receivables	**4,368**	2,502
Other receivables	**14,112**	1,977
	22,588	8,682
Less: Allowance for impairment losses	**(1,320)**	(758)
	21,268	7,924

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

	2017 HK$'000	2016 HK$'000
At 1 April	**758**	43,491
Impairment loss recognised for the year	**691**	409
Reversal of impairment loss recognised in respect of promissory note receivable	**–**	(42,960)
Reversal of impairment loss recognised for the year	**(129)**	(182)
At 31 March	**1,320**	758

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 HK$'000	2016 HK$'000
Securities held-for-trading		
— Listed equity securities — Hong Kong	**76,688**	75,256
— Structured product for listed securities — Hong Kong	**503**	–
	77,191	75,256

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

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

27. DERIVATIVE FINANCIAL INSTRUMENTS

	2017 HK$'000	2016 HK$'000
Assets	**–**	8,908
Liabilities	**–**	(7,709)
Unrealised fair value gain	**–**	1,199

During FY2016, to accommodate a client's request, the Group has constructed collar options on shares of a listed company in Hong Kong (the "Subject Company"). By entering into the collar options, the Group, in addition to the premium income, might protect it from unexpected decrease in share price of the Subject Company, or entitle to a profit sharing when the share price of the Subject Company increased. Up to the ended of FY2017, all of the options have been settled.

28. CLIENT TRUST FUNDS

The Company maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its securities brokerage and margin financing business. The Group has classified the clients' monies as client trust funds under current assets on the consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on grounds that it is liable for any loss or misappropriation of clients' monies. The Group is restricted to use the client's monies to settle its own obligations.

Client trust funds are interest-bearing at bank deposit savings rate (2016: bank deposit savings rate).

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

	2017 HK$'000	2016 HK$'000
USD	40	–
RMB	1,495	1,534

29. PLEDGED BANK DEPOSITS

The pledged bank deposits carry fixed interest rate ranging from 0.58% to 3% (2016: 0.3% to 5%) per annum and have been pledged to banks to secure overdraft banking facilities granted to the Group and hence is classified as current assets. The Group covenants to maintain deposits of not less than HK$6,273,000 (2016: HK$6,249,000) with banks as a condition precedent for the granting of overdraft banking facilities by the banks. The bank deposits will be released when the overdraft banking facilities expired.

30. BANK BALANCES AND CASH

	2017 HK$'000	2016 HK$'000
Cash at bank	176,221	135,770
Cash on hand	39	63
	176,260	135,833

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

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30. BANK BALANCES AND CASH *(Continued)*

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

	2017 HK$'000	2016 HK$'000
RMB	**5,299**	6,042
Singapore dollar ("SGD")	**212**	193
Australian dollar ("AUD")	**13**	–
USD	**9,473**	2,155

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

The assets and liabilities related to the Full Bright Group have been presented as held-for-sale in the Group's consolidated statement of financial position as at 31 March 2017. The Full Bright Group comprises Treasure Profit Limited, an indirect wholly-owned subsidiary engaging in the property investment in Hong Kong. The completion of the sale of Full Bright Group classified held-for-sale within twelve months is considered highly probable.

(i) Assets of disposal group classified as held-for-sale

	2017 HK$'000	2016 HK$'000
Investment property (Note 18)	**108,000**	–
Furniture and equipment (Note 17)	**555**	–
Other receivables	**69**	–
Bank balances and cash	**2,340**	–
	110,964	–

31. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE *(Continued)*

(ii) Liabilities of disposal group classified as held-for-sale

	2017 HK$'000	2016 HK$'000
Other payables and accruals	611	–
Bank borrowings	66,200	–
	66,811	–

32. ACCOUNTS PAYABLE

	2017 HK$'000	2016 HK$'000
Accounts payable	99,628	61,936

	2017 HK$'000	2016 HK$'000
Balances in relation to:		
— securities dealing and brokerage services (note)	99,628	61,826
— others	–	110
	99,628	61,936

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.

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32. ACCOUNTS PAYABLE *(Continued)*

An aging analysis of the Group's accounts payable excluding those under the securities dealing and brokerage services is as follows:

	2017 HK$'000	2016 HK$'000
Within 6 months	–	11
Over 6 months and up to 1 year	–	–
Over 1 year	–	99
	–	110

Accounts payable for securities dealing and brokerage services are interest-bearing at the bank deposit savings rate (2016: bank deposit savings rate) per annum, the accounts payable for retails and trading are non-interest-bearing.

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

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

	2017 HK$'000	2016 HK$'000
RMB	**1,495**	1,534
USD	**40**	–

33. OTHER PAYABLES AND ACCRUALS

	2017 HK$'000	2016 HK$'000
Other payables and accruals	**12,611**	7,379

34. PROMISSORY NOTE PAYABLES

The Group has obtained additional working capital by issuing promissory notes. These promissory notes bear interest at the range of 5% to 8% (2016: 5% to 13.45%) per annum and are repayable within one year.

35. BORROWINGS

	2017 HK$'000	2016 HK$'000
Borrowings comprise:		
— Secured bank loans (note)	**96,747**	118,148
— Other secured loan	**20,000**	–
	116,747	118,148
Borrowings are repayable:		
— Within 1 year	**101,537**	67,984
— Carrying amount of bank loans that are not repayable within 1 year from the end of the reporting period but contain a repayment on demand clause	**15,210**	50,164
Amount due within 1 year shown under current liabilities	**116,747**	118,148

Note: As at 31 March 2017 and 2016, the amounts were secured by investment properties (note 18) of the Group with a carrying value of HK$246,000,000 and HK$283,333,000 respectively.

For the year ended 31 March 2017, the floating-rate secured bank loans were carrying interest at the prime rate for Hong Kong Dollars as quoted by the Industrial and Commercial Bank of China (Asia) Limited minus 2.75%, and the respective effective interest rate was 2.5% per annum and the floating-rate secured bank loans were carrying interest at Hong Kong Interbank Offered Rate over 2.875% and 3.05%, and the respective effective interest rate were per 2.72% and 3.42% annum. The fixed rates of other secured loans were carrying interest at 7.5%.

For the year ended 31 March 2016, the floating-rate secured bank loans were carrying interest at the prime rate for Hong Kong Dollars as quoted by the Industrial and Commercial Bank of China (Asia) Limited minus 2.75%, and the respective effective interest rate was 2.5% per annum and the floating-rate secured bank loans were carrying interest at Hong Kong Interbank Offered Rate over 2.25%, 2.875% and 3.05%, and the respective effective interest rate were per 2.5%, 3.5% and 3.6% annum.

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36. SHARE CAPITAL

	Number of shares 2017	2016	Amount 2017 HK$'000	2016 HK$'000
Authorised: Ordinary shares of HK$0.01 each	**200,000,000,000**	200,000,000,000	**2,000,000**	2,000,000
Issued and fully paid: At 1 April	**4,353,004,483**	3,890,574,843	**43,530**	38,906
Shares issued in respect of scrip dividends (note a)	**7,526,829**	41,351,702	**75**	413
Shares issue in respect of warrants (note b)	**424,253,276**	421,077,938	**4,243**	4,211
At 31 March	**4,784,784,588**	4,353,004,483	**47,848**	43,530

Notes:

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

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

(b) On 14 July 2015, the Board proposed an issue of bonus warrants to the shareholders of the Company on the basis of 2 warrants for every 10 shares (the "Bonus Issue of Warrants – 2015"). For details of the Bonus Issue of Warrants – 2015, please refer to the announcement of the Company dated 14 July 2015 ("Announcement – 2015"). On 20 August 2015, the shareholders approved the Bonus Issue of Warrants – 2015, pursuant to which 857,125,280 warrants were issued. The initial subscription price was HK$0.10 and the subscription period was from 5 November 2015 to 4 November 2016 (both days inclusive). During the period from 1 April 2016 to 4 November 2016, 400,478,772 units (2016: 67,378,080 units) of warrants had been exercised by the holders thereof. As a result, 400,478,772 shares (2016: 67,378,080 shares) were issued and allotted by the Company to the holders of such warrants and, accordingly, the Company's share premium was increased by approximately HK$36,043,000 (2016: HK$6,064,000). The 400,478,772 shares (2016: 67,378,080 shares) issued rank pari passu in all respects with the then existing shares. As at 4 November 2016, 389,268,428 units of warrants were not exercised and have lapsed accordingly.

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

37. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") which enables the Company to grant options to the participants in recognition of their contribution to the Group. Pursuant to the Scheme, the Directors may, within a period of 10 years from 21 September 2012, grant options to any director or employee, adviser, consultant, agent, contractor, customer and supplier of the Group so that they can subscribe for shares in the Company.

The maximum number of shares issuable under the Scheme to each eligible participant within any 12-month period is limited to 1% of the shares in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder, or to any of their associates, are subject to approval in advance by the INEDs.

The exercise price of the share options is determined by the Directors, however, it cannot be less than the higher of (i) the Stock Exchange closing price of the shares on the date of grant of the share options; and (ii) the average Stock Exchange closing price of the shares for the five trading days immediately preceding the date of the grant.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Under the Scheme, there was no option granted, exercised, cancelled or lapsed during FY2017 and FY2016.

As at 31 March 2017 and 2016, the Company had no share options outstanding.

38. RESERVES

(a) Special capital reserve

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

(b) Contributed surplus

The contributed surplus represents the difference between the fair value of the subsidiaries acquired pursuant to the Group reorganisation in November 1991 and the nominal value of the shares issued by the Company and the transfer from share premium account in December 2000, less the transfer to the capital redemption reserve in November 2000, and the shares repurchased in April 2013. Under the Act, the Company's contributed surplus is distributable to shareholders under certain circumstances and the dividend paid was recognised as distribution.

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39. BANKING AND LOAN FACILITIES

As at 31 March 2017, the Company provided financial guarantees of HK$297,012,000 (2016: HK$283,478,000) for the banking and loan facilities granted to or borrowings drawn by its subsidiaries. The Board of Directors is of the opinion that it is not probable that the above guarantees will be called upon. Accordingly, no provision has been made in the consolidated financial statements for these guarantees.

40. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of the rented premises which fall due are as follows:

	2017 HK$'000	2016 HK$'000
Within one year	**5,889**	4,136
In the second to fifth years, inclusive	**3,090**	1,052
	8,979	5,188

Leases for rented premises are negotiated for an average of two years (2016: two years) and rentals are fixed for an average of two years (2016: two years).

The Group as lessor

Property rental income earned during the year was HK$3,049,000 (2016: HK$2,804,000). As at 31 March 2017, the group had committed tenants for its investment properties for subsequent 3 months to 15 months.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments which fall due are as follows:

	2017 HK$'000	2016 HK$'000
Within one year	**1,352**	2,777
In the second to fifth years, inclusive	**115**	597
	1,467	3,374

41. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure the banking facilities granted to the Group or the borrowings of the Group (see note 35):

	2017 HK$'000	2016 HK$'000
Investment properties	246,000	283,333
Pledged bank deposits	6,273	6,249
	252,273	289,582

42. RETIREMENT BENEFITS SCHEMES

The Group has arranged for its Hong Kong employees to join the MPF Scheme, a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, both the Group and its Hong Kong employees are required to make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation and subject to a cap which may be revised from time to time.

Under the Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

During the year ended 31 March 2017, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK$1,164,000 (2016: HK$971,000).

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43. RELATED PARTY TRANSACTIONS

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

	2017 HK$'000	2016 HK$'000
Short-term benefits	**3,616**	3,841
Post-employment benefits	**72**	71
	3,688	3,912

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

(b) During the year, the Group entered into the following material transactions with its related parties.

	2017 HK$'000	2016 HK$'000
Rental income from K.C. (Asset) Limited (note (i))	**595**	1,020
Fee income received from Mr. Woo Peter Ping ("Mr. Woo") (note (ii))	**35**	391
Interest paid to Ms. Ng Kai Ning ("Ms. Ng") (note (iii))	**449**	342
Interest paid to Ms. Inez Lee ("Ms. Lee") (note (iv))	**800**	738
Interest paid to Fintech Pte Limited ("Fintech") (note (v))	**575**	45
Interest paid to Mr. Woo (note (ii))	**188**	–

Notes:

(i) K.C. (Asset) Limited is beneficially owned by Mr. Cheung, who is the father of Mr. Cheung Hoo Win ("Mr. Hoowin Cheung"), the executive Director and Chief Executive Officer of the Company. The director of the K.C. (Asset) Limited is Mr. Hooyin Cheung.

(ii) Mr. Woo is a substantial shareholder of a non-wholly owned subsidiary of the Group and a director of certain subsidiaries of the Group.

(iii) Ms. Ng is the daughter of Mr. Ng Yiu Chuen ("Mr. Ng"), an executive Director of the Company.

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

(v) Fintech is a company controlled by Mr. So Han Meng Julian ("Mr. So") and Mr. Woo. Mr. So is a substantial shareholder of a non-wholly owned subsidiary of the Group and a director of a subsidiary of the Group.

43. RELATED PARTY TRANSACTIONS *(Continued)*

(c) The following option transactions were entered into between the Group and its related parties in the year ended 31 March 2016 and have already been settled by the end of FY2017.

Date of confirmation	Type of option	Issuer of option	Holder of option	Exercise price	Subject shares
1 April 2015	Put/call	The Group/ Mr. Woo	Mr. Woo/ The Group	HK$0.462	10,000,000 shares of the Subject Company (note)
10 April 2015	Put/call	The Group/ Mr. So	Mr. So/ The Group	HK$0.50	2,500,000 shares of the Subject Company
29 April 2015	Put/call	The Group/ Mr. Woo	Mr. Woo/ The Group	HK$0.48	10,400,000 shares of the Subject Company

Note: The Subject Company is a public company that is listed on the Main Board of the Stock Exchange.

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43. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Same as disclosed above, as at the reporting date, the Group had the following material balances with its related parties:

	2017 HK$'000	2016 HK$'000
Accounts receivable:		
Amount due from Mr. Hoowin Cheung (note (i))	–	976
Accounts payable:		
Amount due to Mr. Cheung (note (ii))	425	3,188
Amount due to Mr. Hooyin Cheung (note (ii))	624	1,330
Amount due to KY (notes (ii) & (iii))	374	260
Amount due to Elfie Limited (notes (ii) & (iv))	–	2,394
Amount due to Ms. Lee (note (ii))	1,310	1,053
Amount due to Ms. Yeung (note (ii))	283	283
Promissory note receivable:		
Amount due from Fast LP (notes (vii) & (viii))	2,900	–
Promissory note payables:		
Amount due to Mr. Cheung (note (vi))	15,000	–
Amount due to Elfie Limited (notes (iv) & (vi))	2,400	–
Amount due to Ms. Cheung Lok Chi ("Ms. Cheung") (notes (iv) & (vi))	31,600	–
Amount due to Fintech (note (vi))	11,560	1,500
Amount due to Ms. Ng (note (vi))	700	6,600
Amount due to Ms. Cheng Chui Shan Phyllis ("Ms. Cheng") (notes (v) & (vi))	1,800	–
Amount due to Ms. Lee (note (vi))	10,000	10,000

43. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Same as disclosed above, as at the reporting date, the Group had the following material balances with its related parties: *(Continued)*

Notes:

(i) The amount is secured on relevant listed shares held by Mr. Hoowin Cheung, and interest bearing at 3% plus prime rate per annum.

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

(iii) Mr. Cheung and Ms. Yeung are the directors of KY.

(iv) Elfie Limited is beneficially owned by Mr. Cheung and Ms. Yeung. The directors of Elfie Limited are Mr. Hoowin Cheung, Ms. Cheung and Mr. Hooyin Cheung. Ms. Cheung is the daughter of Mr. Cheung and Ms. Yeung.

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

(vi) The interest rates for the promissory note payables are at the range from 5% to 8% (2016: 5% to 13.45%) per annum and are repayable within one year.

(vii) The promissory note was issued by Fast Limited for and on behalf of Fast LP. Fast Limited is a company controlled by Mr. So and Mr. Woo.

(viii) The interest rate for the promissory note receivable is at 36% per annum and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

44. PRINCIPAL SUBSIDIARIES

Name of subsidiaries	Place of incorporation/ operations	Class of shares held	Issued and fully paid share capital	Percentage of ownership interest and voting power directly held by the Company 2017	2016	Principal activities
Direct subsidiary						
Styland Enterprises Limited	Hong Kong	Ordinary	HK$2	**100**	100	Provision of management services
Indirect subsidiaries						
Brighten Management Limited	Hong Kong	Ordinary	HK$1,000,000	**55**	55	Strategic investment
Devonia Development Limited	Hong Kong	Ordinary	HK$10,000	**100**	100	Property investment
Ever-Long Asset Management Limited	Hong Kong	Ordinary	HK$10,000,000	**100**	100	Securities trading
Ever-Long Capital Limited	British Virgin Islands ("BVI")	Ordinary	US$4,000,000	**100**	100	Provision of financing services
Ever-Long Finance Limited	Hong Kong	Ordinary	HK$22,500,000	**100**	100	Provision of financing services
Ever-Long Securities Company Limited	Hong Kong	Ordinary	HK$150,000,000	**100**	100	Securities brokerage and provision of financing services
Hoowin Limited	Hong Kong	Ordinary	HK$1,000,000	**100**	100	Property investment
Long River Investments Holdings Limited	BVI	Ordinary	US$200	**100**	100	Securities trading
Styland (International) Limited	Hong Kong	Ordinary	HK$100,000	**100**	100	Securities trading
Talent Full Investment Limited	Hong Kong	Ordinary	HK$1	**100**	100	Management services
Treasure Profit Limited	Hong Kong	Ordinary	HK$1	**100**	100	Property investment

The above table lists the subsidiaries of the Company which, in the opinion of the Directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors of the Company, result in particulars of excessive length. None of the subsidiaries had issued any debt securities subsisting at the end of the years or at any time during both years.

45. PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

Profit attributable to equity shareholders of the Company dealt with in the profit or loss of the Company is HK$6,068,000 (2016 Loss: HK$24,249,000).

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2017 HK$'000	2016 HK$'000
Non-current asset			
Investments in subsidiaries		**–**	–
Current assets			
Other receivables		**546**	533
Amount due from a subsidiary	(a)	**432,612**	360,838
Bank balances and cash		**36,937**	63,709
		470,095	425,080
Current liabilities			
Other payables and accruals		**708**	812
		708	812
Net assets		**469,387**	424,268
Capital and reserves			
Share capital		**47,848**	43,530
Reserves	(b)	**421,539**	380,738
Total equity		**469,387**	424,268

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

Notes:

(a) Amount due from a subsidiary

The amount due from a subsidiary was unsecured, interest bearing at prime rate and repayable on demand.

(b) Reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Special capital reserve (Note 38) HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 31 March 2015	84,483	7,480	571,147	569,284	(866,017)	366,377
Loss for the year and total comprehensive income for the year	–	–	–	–	(24,249)	(24,249)
Shares issued in respect of scrip dividends	10,857	–	–	–	–	10,857
Exercise of bonus warrants	37,897	–	–	–	–	37,897
Dividend recognised as distribution	–	–	–	(10,144)	–	(10,144)
At 31 March 2016 and 1 April 2016	133,237	7,480	571,147	559,140	(890,266)	380,738
Profit for the year and total comprehensive income for the year	–	–	–	–	6,068	6,068
Shares issued in respect of scrip dividends	1,304	–	–	–	–	1,304
Exercise of bonus warrants	38,182	–	–	–	–	38,182
Dividend recognised as distribution	–	–	–	(4,753)	–	(4,753)
At 31 March 2017	172,723	7,480	571,147	554,387	(884,198)	421,539

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and reclassified and restated as appropriate, is set out below:

RESULTS

	Year ended 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**236,638**	198,177	184,373	143,212	148,121
Profit/(loss) before taxation	**1,084**	(5,763)	94,081	81,603	40,200
Income tax expense	**–**	–	–	–	–
Profit/(loss) before non-controlling interests	**1,084**	(5,763)	94,081	81,603	40,200
Non-controlling interests	**4,614**	7,010	–	–	–
Profit attributable to the owners of the Company	**5,698**	1,247	94,081	81,603	40,200

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**1,048,973**	804,170	737,601	566,170	507,943
Total liabilities	**(450,090)**	(245,422)	(216,324)	(157,466)	(156,439)
Non-controlling interests	**11,174**	6,560	(450)	–	–
	610,057	565,308	520,827	408,704	351,504

DETAILS OF INVESTMENT PROPERTIES

Property	Lot no./location	Category of lease	Use
House 4, Customs Pass No. 18 Fei Ngo Shan Road Sai Kung, New Territories Hong Kong	31 In D.D. 228	Medium term	Redevelopment
23rd Floor Far East Consortium Building 121 Des Voeux Road Central, Hong Kong	24/736th share of and in Inland Lot No. 2198, Section A and the Remaining Portion of Inland Lot No. 2199, Inland Lot No. 2200, Inland Lot No. 2201, Section A, Section B and Section C of Marine Lot No. 299	Long term	Investment
House A (including the External Walls and Carport on the G/F thereof) Ocean View Lodge Lot No. 524 in D.D. 238 Sai Kung New Territories Hong Kong	24/200 undivided shares of/and in the Lot No. 524 in D.D. 238	Medium term	Investment

大 凌 集 團 有 限 公 司
STYLAND HOLDINGS LIMITED
（股份代號 Stock Code: 0211）

香港九龍觀塘開源道六十一號金米蘭中心二十八樓
28th Floor, Aitken Vanson Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong

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

www.styland.com