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STYLAND HOLDINGS LIMITED

大凌集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 211)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

The board of directors (the “**Directors**” or the “**Board**”) of Styland Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2013 (“**FY2013**”) together with the comparative figures for the year ended 31 March 2012 (“**FY2012**”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000
Turnover		148,121	249,899
Revenue	4	35,703	42,600
Cost of sales		(8,896)	(18,031)
Gross profit		26,807	24,569
• Other income	13	37,994	89,861
• Administrative expenses		(30,050)	(29,424)
• Selling and distribution expenses		(2,124)	(1,174)
• Change in fair value of investment properties		16,000	1,500
• Change in fair value of financial assets at fair value through profit or loss		(5,988)	(16,622)
• (Loss)/gain on disposal of financial assets at fair value through profit or loss		(300)	4,159
• Net fair value of derivative financial instrument		–	(1,935)

* *For identification purposes only*

	<i>Notes</i>	2013 HK\$'000	2012 HK\$'000
• Impairment loss recognized in respect of loan receivables		(1,294)	(11,041)
• Impairment loss recognized in respect of promissory note receivable	<i>10</i>	–	(42,960)
• Reversal of impairment loss recognized in respect of loan receivables		461	253
• Gratuity payments		–	(6,047)
• Finance costs		(1,306)	(927)
Profit before taxation	<i>6</i>	40,200	10,212
• Income tax expenses	<i>5</i>	–	–
Profit and total comprehensive income for the year		40,200	10,212
Profit and total comprehensive income for the year attributable to the owners of the Company		40,200	10,212
Earnings per share			
• Basic and diluted	<i>8</i>	HK1.08 cents	HK0.37 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	Notes	2013 HK\$'000	2012 HK\$'000
NON-CURRENT ASSETS			
• Fixed assets		1,775	2,045
• Investment properties		166,000	67,000
• Loan receivables	9	24,915	11,316
• Deposits paid for the redevelopment project		1,243	–
• Available-for-sale investment		–	–
		<u>193,933</u>	<u>80,361</u>
CURRENT ASSETS			
• Promissory note receivable	10	–	–
• Loan receivables	9	94,514	39,864
• Trade receivables		17,072	12,586
• Other receivables, deposits and prepayments		3,713	3,146
• Financial assets at fair value through profit or loss		38,249	38,460
• Tax recoverable		859	859
• Amounts due from former Directors	13	–	85,950
• Client trust funds		57,167	82,875
• Pledged bank deposits		6,225	6,211
• Bank balances and cash		96,211	70,195
		<u>314,010</u>	<u>340,146</u>
CURRENT LIABILITIES			
• Trade payables	11	63,391	89,027
• Other payables and accruals		4,673	4,377
• Loan from a shareholder	12	–	10,000
• Bank borrowings		88,368	5,700
• Obligation under finance lease — due within one year		7	92
		<u>156,439</u>	<u>109,196</u>
NET CURRENT ASSETS		<u>157,571</u>	<u>230,950</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>351,504</u>	<u>311,311</u>
NON-CURRENT LIABILITY			
• Obligation under finance lease — due after one year		–	7
NET ASSETS		<u>351,504</u>	<u>311,304</u>
CAPITAL AND RESERVES			
• Share capital		37,098	37,098
• Reserves		314,406	274,206
Equity attributable to the owners of the Company and total equity		<u>351,504</u>	<u>311,304</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments and investment properties which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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 financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures — Transfers of Financial Assets
HKAS 12 Amendments	Amendments to HKAS 12 Income Taxes — Deferred Tax: Recovery of Underlying Assets

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

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Amendments)	First time adoption — Government loans ²
HKFRS 7 (Amendments)	Amendments to HKFRS 7 Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities ²
HKFRS 9	Financial Instruments ⁴
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — Transition Guidance ²
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — Investment Entities ²
HKFRS 13	Fair Value Measurement ²
HKAS 1 (Amendments)	Amendments to HKAS 1 Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (2011)	Employee Benefits ²
HKAS 27 (2011)	Separate Financial Statements ²
HKAS 28 (2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendments)	Amendments to HKAS 32 Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities ³
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine ²
Annual Improvements Project	Annual Improvements 2009–2011 Cycle ²

The Group has not early adopted these new standards, amendments and interpretations to existing standards in the consolidated financial statements for the year ended 31 March 2013. The adoption of the above new standards, amendments and interpretations to existing standards in future periods is not expected to result in substantial changes to the Group's accounting policies.

In addition, the HKICPA also published a number of amendments to existing standards under its annual improvement project. These amendments are not expected to have a significant financial impact on the results of operations and financial position of the Group.

The Group will adopt the above new standards, amendments and interpretations when they become effective.

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

4. SEGMENTAL INFORMATION

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 2013

	Securities dealing, broking and other financing <i>HK\$'000</i>	Mortgage financing <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Trading of securities <i>HK\$'000</i>	Strategic investments <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenues:								
External sales	13,523	14,276	845	6,477	582	-	-	35,703
Inter-segment sales	1,134	-	-	-	-	-	(1,134)	-
	<u>14,657</u>	<u>14,276</u>	<u>845</u>	<u>6,477</u>	<u>582</u>	<u>-</u>	<u>(1,134)</u>	<u>35,703</u>
Segment profit/(loss) after inter-segment transaction	1,281	8,917	16,485	46	(6,827)	(24)	-	19,878
Unallocated income and expenses								<u>20,322</u>
Profit before taxation								<u>40,200</u>

For the year ended 31 March 2012

	Securities dealing, broking and other financing <i>HK\$'000</i>	Mortgage financing <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Trading of securities <i>HK\$'000</i>	Strategic investments <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenues:								
External sales	19,306	7,425	-	15,383	486	-	-	42,600
Inter-segment sales	<u>1,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,683)</u>	<u>-</u>
	<u>20,989</u>	<u>7,425</u>	<u>-</u>	<u>15,383</u>	<u>486</u>	<u>-</u>	<u>(1,683)</u>	<u>42,600</u>
Segment (loss)/profit after inter-segment transaction	(3,407)	4,714	887	597	(13,671)	(40,330)	-	(51,210)
Unallocated income and expenses								<u>61,422</u>
Profit before taxation								<u>10,212</u>

Segment assets and liabilities

The segment assets and liabilities as at 31 March 2013 by reportable segments are as follows:

	Securities dealing, broking and other financing <i>HK\$'000</i>	Mortgage financing <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Trading of securities <i>HK\$'000</i>	Strategic investments <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment assets	113,253	76,708	167,276	6,816	38,250	-	105,640	<u>507,943</u>
Segment liabilities	65,938	276	699	289	11	12	89,214	<u>156,439</u>

The segment assets and liabilities as at 31 March 2012 by reportable segments are as follows:

	Securities dealing, broking and other financing <i>HK\$'000</i>	Mortgage financing <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Trading of securities <i>HK\$'000</i>	Strategic investments <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment assets	102,703	39,416	67,085	5,258	39,907	-	166,138	<u>420,507</u>
Segment liabilities	91,268	10,172	1	350	5	12	7,395	<u>109,203</u>

Other segment information

For the year ended 31 March 2013:

	Securities dealing, broking and other financing HK\$'000	Mortgage financing HK\$'000	Property development and investment HK\$'000	General trading HK\$'000	Trading of securities HK\$'000	Strategic investments HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<u>Amounts included in the measurement of segment profit or loss or segment assets:</u>								
Change in fair value of investment properties	-	-	16,000	-	-	-	-	16,000
Change in fair value of financial assets at fair value through profit or loss	-	-	-	-	(5,988)	-	-	(5,988)
Loss on disposal of financial assets at fair value through profit or loss	-	-	-	-	(300)	-	-	(300)
Impairment loss recognized in respect of other receivables	-	(340)	-	-	-	-	(281)	(621)
Reversal of impairment loss recognized in respect of trade receivables	-	-	-	29	-	-	-	29
Impairment loss recognized in respect of loan receivables	(334)	(960)	-	-	-	-	-	(1,294)
Reversal of impairment loss recognized in respect of loan receivables	-	461	-	-	-	-	-	461
Bad debt recovery for loan receivables	96	-	-	-	-	-	-	96
Bad debt written off	-	(44)	-	-	-	-	-	(44)
Depreciation	(223)	(12)	-	-	-	-	(335)	(570)
Loss on disposal of fixed assets	-	-	-	-	-	-	(7)	(7)
Additions to non-current assets (<i>Note</i>)	180	105	84,243	-	-	-	22	84,550
<u>Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:</u>								
Interest income	4	-	-	387	-	-	129	520
Finance costs	(4)	-	(60)	(1)	-	-	(1,241)	(1,306)
Income tax expenses	-	-	-	-	-	-	-	-

Note: The amounts exclude those additions to the loan receivables and available-for-sale investment.

For the year ended 31 March 2012:

	Securities dealing, broking and other financing HK\$'000	Mortgage financing HK\$'000	Property development and investment HK\$'000	General trading HK\$'000	Trading of securities HK\$'000	Strategic investments HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<u>Amounts included in the measurement of segment profit or loss or segment assets:</u>								
Change in fair value of investment property	-	-	1,500	-	-	-	-	1,500
Change in fair value of financial assets at fair value through profit or loss	-	-	-	-	(16,622)	-	-	(16,622)
Gain on disposal of financial assets at fair value through profit or loss	-	-	-	-	4,159	-	-	4,159
Net fair value of derivative financial instrument	-	-	-	-	-	-	(1,935)	(1,935)
Impairment loss recognized in respect of other receivables	-	(33)	-	-	-	-	-	(33)
Reversal of impairment loss recognized in respect of trade receivables	-	-	-	92	-	-	-	92
Impairment loss recognized in respect of loan receivables	(10,539)	(502)	-	-	-	-	-	(11,041)
Reversal of impairment loss recognized in respect of loan receivables	12	241	-	-	-	-	-	253
Bad debt recovery for loan receivables	96	-	-	-	-	-	-	96
Depreciation	(301)	(4)	(1)	-	-	-	(413)	(719)
Loss on disposals of fixed assets	-	-	(289)	-	-	-	(4)	(293)
Additions to non-current assets (<i>Note</i>)	309	6	-	-	-	-	26	341
<u>Amounts regularly provided to the chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:</u>								
Interest income	2	-	-	221	-	2,668	12	2,903
Finance costs	-	-	(144)	(2)	-	-	(781)	(927)
Income tax expenses	-	-	-	-	-	-	-	-

Note: The amounts exclude those additions to the loan receivables and available-for-sale investment.

5. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Company and its subsidiaries either has available losses brought forward from prior years to offset the assessable profits generated during FY2013 or did not generate any assessable profits arising in Hong Kong during FY2013 (FY2012: nil).

6. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Staff costs (including Directors' remuneration):		
— Salaries and allowances and other benefits	15,772	15,000
— Retirement benefit scheme contributions	548	534
Auditor's remuneration	750	735
Depreciation	570	719
Loss on disposal of fixed assets	7	293
Lease payments under operating leases for rented premises	1,992	1,818
Impairment loss recognized in respect of other receivables	621	33
Impairment loss recognized in respect of loan receivables	1,294	11,041
Cost of inventories recognized as an expense	6,318	14,884

7. DIVIDENDS

No dividend was paid or proposed during the year nor has any dividend been proposed since the end of the reporting period (FY2012: nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share for FY2013 is based on the profit for the year attributable to the owners of the Company of approximately HK\$40,200,000 (FY2012: approximately HK\$10,212,000) and the weighted average of 3,709,773,088 (FY2012: 2,735,114,586) ordinary shares in issue during FY2013.

No diluted earnings per share have been presented for FY2013 and FY2012 as there were no potential ordinary shares outstanding for both years.

9. LOAN RECEIVABLES

	2013 HK\$'000	2012 HK\$'000
Securities dealing and broking services:		
— Secured margin loans (<i>Note 1</i>)	59,036	27,674
Less: Impairment loss recognized	<u>(15,617)</u>	<u>(15,283)</u>
	43,419	12,391
Financing business:		
— Unsecured loans	7,781	7,585
— Secured mortgage loans (<i>Note 2</i>)	76,847	39,323
Less: Impairment loss recognized	<u>(8,618)</u>	<u>(8,119)</u>
	76,010	38,789
Total	<u>119,429</u>	<u>51,180</u>
The Group's loan receivables (net of impairment loss) are analysed into:		
— Non-current assets	24,915	11,316
— Current assets	<u>94,514</u>	<u>39,864</u>
	<u>119,429</u>	<u>51,180</u>

Notes:

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

At the end of reporting period, the aging analysis of the Group's loan receivables (based on loan release dates) under the financing business, net of accumulated impairment losses, is as follows:

	2013 HK\$'000	2012 HK\$'000
Financing business:		
Within 6 months	61,842	29,569
Over 6 months and up to 1 year	12,596	8,172
Over 1 year	<u>1,572</u>	<u>1,048</u>
	76,010	38,789

10. PROMISSORY NOTE RECEIVABLE

Reference is made to the note 20 to the consolidated financial statements of the Company for the year ended 31 March 2012. Following further discussion with the issuer of the promissory note (the “**Note Issuer**”, together with its subsidiaries, the “**Note Issuer Group**”), the Group believes that it is in its best interest not to take legal action for the time being. However, the Group will continue to closely monitor the progress of the recovery of the outstanding money due to the Note Issuer Group by its joint venture partner in a toll road project in Wuhan, the PRC.

11. TRADE PAYABLES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Balance in relation to:		
Securities dealing and broking services (<i>Note</i>)	63,155	88,726
General trading and others	236	301
	<u>63,391</u>	<u>89,027</u>

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

An aging analysis of the Group’s trade payables in relation to general trading and others is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Within 6 months	9	74
Over 6 months and up to 1 year	1	99
Over 1 year	226	128
	<u>236</u>	<u>301</u>

12. LOAN FROM A SHAREHOLDER

In FY2012, Mr. Cheung Chi Shing (“**Mr. Cheung**”), the substantial shareholder of the Company advanced an interest-free loan of HK\$10,000,000 (the “**Interest-free Loan**”) to the Group to support the development of the mortgage financing business of the Group. The Interest-free Loan was used to partially set off against the Judgement Debts (as defined below) in FY2013.

13. PETITION

Reference is made to the announcement dated 26 June 2012 of the Company in which it stated that the Company and the concerned former Directors had entered into a settlement agreement (the “**Settlement Agreement**”) in respect of the repayment of judgement debts ordered by the Court (the “**Judgement Debts**”). The Settlement Agreement was approved by shareholders of the Company on 30 August 2012. Out of the Judgement Debts, HK\$85,950,000 was recognized as other income of the Group in FY2012. Up to the end of FY2013, the Company had received in total approximately HK\$122,617,000 and further credited HK\$36,667,000 as the other income for FY2013. In May 2013, the Company received the second installment of HK\$20,000,000 and expects to receive the last installment of approximately HK\$51,304,000 on or before 5 September 2013 for the full settlement of the Judgement Debts.

14. SUBSEQUENT EVENT

In April 2013, the Company repurchased a total of 144,000,000 shares of the Company pursuant to the general mandate approved by its shareholders on 21 September 2012. The repurchased shares were cancelled on 30 April 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Results

In FY2013, the Group recorded a turnover of HK\$148,121,000 as compared to HK\$249,899,000 for FY2012. Despite the decline in its turnover, the Group had improved its bottom line in FY2013 as shown by the profit of HK\$40,200,000 in FY2013 as compared with the profit of HK\$10,212,000 in FY2012.

Review of Operations

Brokerage Business:

- *Securities Broking*

During the first half of FY2013, the European debt crisis and the recovery of the United States' economy continued to affect stock markets around the world. The Hong Kong Stock Market was not immune to such effects. As a result, the Hong Kong Stock Market experienced a shrinkage in its market turnover. Despite this setback, the Group continued to strive forward in developing its brokerage business and regarded the period of slowdown in the stock market as an opportunity to strengthen its business. For instance, during the year under review, the Group had strengthened its sales force by hiring experienced account executives who referred new clients to the Group after joining the Group. Additionally, in FY2013, our new retail branch in North Point had officially opened for business. This new branch offers clients a spectrum of securities broking services. Benefiting from the opening of this new branch, the number of new client accounts opened in FY2013 had grown 88% as compared to that in FY2012.

In the second half of FY2013, market concerns arising from the overseas markets were gradually eased because of the easing measures that were introduced by various central governments. We saw a positive effect of these easing measures on the Hong Kong Stock Market as the market sentiment in Hong Kong had improved and the average market turnover had risen steadily during the second half of FY2013. Thanks to our expansion strategy of hiring experienced account executives in the slowdown period, the turnover of the Group for the second half of FY2013 had recorded an increase of 74% as compared to that for the first half of the year. On an annual basis, in FY2013, the Group had achieved a total turnover of approximately HK\$4.6 billion.

- *Margin Financing*

To take advantage of the current exceptionally low interest rate environment which encouraged clients to leverage via margin financing, the Group has witnessed an increase in demand for margin loans in FY2013. In fact, this increased demand was well catered by the Group's relatively high level of working capital. The combination of the low interest rates and our strong ability to meet clients' margin financing needs boosted the interest income under our margin financing business. In FY2013, the Group registered a rise of 7% on its margin financing interest income when compared to that in FY2012. This positive result had enabled the Group to overcome the financial impact of lowered interest income resulting from the low market turnover.

- *Corporate Finance*

As a result of the postponement of fund raising and IPO activities due to the volatility of the global financial market in FY2013, the Group's commission income from corporate finance exercises had decreased significantly during the year. However, the Group observed the rebound of the fund raising market in the first quarter of the 2013 calendar year. To capitalize on the increasingly positive market sentiment, the Group will continue its strategy of focusing on small cap corporate finance activities by acting as the placing agent and underwriter for its corporate clients.

Mortgage Financing:

Faced with intense competition in its brokerage business in recent years, the Group had strategically diversified its core business into mortgage financing since the 2011 financial year ("FY2011") by offering mortgage financing services. The Group has witnessed the continuous growth of its mortgage loans business since the inception of this business segment in FY2011. During FY2013, the Group recorded interest income of HK\$14,276,000 from this segment, accounting for a 98% increase as compared to that in FY2012. The significant growth of this segment has proven the success of our business diversification efforts.

In light of the overwhelming demand for mortgage loans, the Group has resolved to further raise its business target to a new high. The Group believes that the mortgage financing business will continue to be a major and stable source of income for the Group.

To cope with the growth of this business, the Group had completed the optimization of its operational procedures by installing a brand new Loan Management Solution during FY2013, which has improved the efficiency of the management of its loan portfolio. Given the complexity of the current business environment, in FY2013, the Group had also enhanced its credit control functions by incorporating certain tools to its existing operation system with a view to mitigating fraudulent activities.

Property Development and Investment:

With respect to the Group's existing premium property on Fei Ngo Shan Road, Hong Kong, in FY2013, the Group resolved to redevelop this property into a two-storey house and has engaged a reputable land development consultancy to advise the Group on this redevelopment.

The Group believes that the market value of this dignitary property may rise significantly. Upon the recognition of the revaluation surplus, the Group's operational results and net asset value will rise accordingly.

Through the Transfer (as defined below), the Group newly owned a commercial property in Central in FY2013. The property was rented out at the time of the Transfer. According to the valuation report, the fair value of this property climbed up to HK\$93,000,000 as at 31 March 2013, representing an increase of 12% as compared to its fair value at the date of the Transfer. Due to the soaring rental prices for commercial properties in the territory over the past two years, the Group believes that it will receive a higher rental yield from this property upon the negotiation of new tenancies. The Group expects to generate satisfactory rental income from this valuable property.

Trading Business:

As a result of the tight credit control measures, the turnover of the Group's general trading business decreased significantly during FY2013 when compared to that in FY2012. Other than the trading of frozen foods, the Group is considering about diversifying the range of products for its general trading business segment. Nevertheless, the Group will regularly review the turnover and results of this segment and if necessary, reallocate its internal resources to more profitable business segments to improve the return on its internal resources.

Prospects

After the launch of the quantitative easing policies, the United States' economy has showed signs of recovery. In China, the Central Government plans to implement its National Policy of Urbanization by developing rural areas into urban ones. To take advantage of the positive factors, the Group has enhanced its marketing campaign. Other than providing clients more transparent information and the latest market information as it does on a regular basis, our account executives will take a more proactive approach in marketing the Group's various financial products to clients. To further expand its client base, the Group plans to continue with its strategy of strengthening its online trading system, targeting the clients from Mainland China. In the Hong Kong market, with the opening of the new North Point branch in FY2013, the Group hopes this will expand its network and attract more retail customers.

Attributable to the increasingly stringent lending requirements in Hong Kong, the demand for short-term loans remains strong. To capitalize on its well-established network and clientele, the Group considers strategic cooperation with companies that results in synergy a good way to speed up the development of its mortgage loans business. The Group believes that its adoption of professional credit control measures and the optimization of the operational system have equipped the Group for the expansion.

In light of the short supply of land in Hong Kong and the low interest rate era, the Group believes that property prices in Hong Kong, including the market value of the residential and commercial properties of the Group, will remain high. The Group also believes that the revaluation surplus, upon its completion of the redevelopment of the property in Fei Ngo Shan, Hong Kong, will boost the operational results and the net asset value of the Group.

FINANCIAL REVIEW

As at 31 March 2013, the Group's cash at bank and in hand totaled approximately HK\$96,211,000 (2012: HK\$70,195,000) and its net asset value was approximately HK\$351,504,000 (2012: HK\$311,304,000).

Bank borrowings and financial lease as at 31 March 2013 amounted to HK\$88,375,000 (2012: HK\$5,799,000) of which HK\$3,596,000 (2012: HK\$1,292,000) is repayable within one year. The gearing ratio, being the ratio of total bank borrowings and financial lease to shareholders' fund, was about 0.25 (2012: 0.02).

As at 31 March 2013, time deposits of HK\$6,225,000, a motor vehicle worth HK\$163,000 and investment properties at a total valuation of HK\$166,000,000 were pledged to financial institutions to secure the banking facilities that were granted to the Group.

CAPITAL STRUCTURE

As at 31 March 2013 and 2012, the amount of the Company's issued share capital was approximately HK\$37,098,000 dividing into 3,709,773,088 shares of HK\$0.01 each.

TRANSFER OF EQUITY INTEREST OF FULL BRIGHT

According to the Settlement Agreement (as disclosed in note 13), on 26 June 2012, the Company, K.C. (Asset) Limited ("**KC Asset**") together with Mr. Cheung and Ms. Yeung Han Yi Yvonne as guarantors entered into a sale and purchase agreement, pursuant to which KC Asset transferred to the Group its wholly-owned subsidiary, Full Bright Global Limited ("**Full Bright**") (the "**Transfer**"). Full Bright in turn holds 100% equity interest in Treasure Profit Limited that owns a commercial property. The consideration for the Transfer was approximately HK\$82,617,000.

INVESTMENTS IN FINANCIAL ASSETS

Other than the holding of a portfolio of listed securities with market value of approximately HK\$38,249,000 as at 31 March 2013 for the trading purpose, the Group did not make any other major investments during the year. The Group will continue to adopt a prudent approach for its investments.

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 is determined according to these factors. Margin loans are demanded for repayment once a customer fails to repay a deposit, margin loan or another sum that is due to the Group.

For the mortgage financing business, mortgage loans are granted to clients based on the aggregate market value of the pledged properties as confirmed by independent valuation companies. 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.

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

OPERATIONAL RISK

The Group has put in place an effective internal controls system for its operations. Under the brokerage business, a monitoring team comprised of licensed responsible officers registered under the SFO and senior management personnel who have a good track record in complying with the SFO, has been set up to monitor the settlement matters of traded securities and cash. In order to safeguard clients' interests and comply with the requirements of the SFO, our monitoring team has continually carried out ongoing checks and verifications so that we are able to maintain our service standard at a satisfactory level. During FY2013, the brokerage operation of the Group had complied with the SFO. All of our clients were satisfied with our services and did not lodge any complaints.

INTEREST RATE RISK

The Group monitors its interest rate exposure regularly to ensure that the underlying risk is within an acceptable range. The Group's interest rate risk mainly arises from bank loans as interest is charged according to a floating interest rate with a loan repayment period of 20 years.

LIQUIDITY RISK

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

FOREIGN EXCHANGE EXPOSURE

During FY2013, the Group's business activities as well as its assets and liabilities were mainly denominated in Hong Kong Dollars, US Dollars and Renminbi. In light of the exchange rate peg between the Hong Kong Dollar and the US Dollar, and the immaterial balances of the assets or liabilities denominated in Renminbi when compared to the Group's total assets or liabilities, the Group considers its foreign exchange risk immaterial for FY2013. It is the Group's treasury policy to manage its foreign currency exposure to minimise any material financial impact to the Group.

CONTINGENT LIABILITIES

As at 31 March 2013, the Group did not have any material contingent liabilities (2012: immaterial).

CORPORATE GOVERNANCE

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

According to the code provision A.6.7 of the CG Code, independent non-executive Directors (“**INEDs**”) should attend general meetings of the Company, and according to E.1.2, the Chairman of the Board should attend the annual general meeting of the Company. During FY2013, two INEDs, one of them is the Chairman of the Board, were unable to attend the two general meetings of the Company due to their other business commitments.

According to the code provision E.1.2 of the CG Code, it would be the best practice for the external auditor to attend the annual general meeting of the Company. During FY2013, despite the external auditor of the Company was unable to attend the Annual General Meeting of the Company in person, with the mutual understanding between the Company and the external auditor, the external auditor was available to answer questions about the audit of FY2012 if needed.

The Company intends to invite the external auditor to attend the annual general meeting in person in the coming years so as to enhance the communication between the Company and the shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “**Model Code**”) as its own code for securities transactions by Directors. As advised by Mr. Lo Tsz Fung Philip (“**Mr. Lo**”), an INED of the Company, that he had dealt in the shares of the Company in FY2013 without notifying the Chairman of the Company as required by the Model Code.

To ensure that the Directors keep being familiar with the Model Code, it is the Company’s practice to circulate the Model Code to the Directors for their perusal twice a year. The Company believes that Mr. Lo’s failure to comply with the Model Code is an isolated case. Nevertheless, the Company has drawn the Directors’ attention to the relevant code provisions one more time after the event to highlight the relevant requirement. Other members of the Board have confirmed, following specific enquiry by the Company that in FY2013, they have complied with the required standard as set out in the Model Code.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during FY2013.

REVIEW OF ACCOUNTS

The Company has an Audit Committee comprising four INEDs, namely Mr. Lo, Mr. Zhao Qingji, Mr. Yeung Shun Kee and Mr. Li Hancheng. The Audit Committee has reviewed the Group's annual results for FY2013.

On behalf of the Board
Zhao Qingji
Chairman

Hong Kong, 26 June 2013

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