大凌集團有限公司
STYLAND HOLDINGS LIMITED
(於百慕達註冊成立之有限公司)
(Incorporated in Bermuda with limited liability)
（股份代號 Stock Code: 0211）

Annual Report 年報
2018/19

Making A Positive Impact
多元業務
恩澤四方

創立於1977年
Established in 1977

Making a Positive Impact

Making a Positive Impact is our theme for this year's annual report. We have chosen this theme as it relates to many aspects of our business. We **make a positive impact on our communities** by investing our time, energy and resources to participate in meaningful community investment activities. We **make a positive impact on the environment** with our environmental protection initiatives. We **make a positive impact on our customers** by providing them excellent customer service. We **make a positive impact on our employees** by providing them rewarding careers and attractive employee programs. We **make a positive impact on our business partners** by conducting our business partnerships in sincere and effective ways.

多元業務 恩澤四方

「**多元業務 恩澤四方**」是我們本年年報的主題。此主題與我們的業務廣泛相關，故以此為題。我們**惠及社區**，付出時間、精力及資源參與別具意義的社區投資活動。我們**惠及環境**，將各種環保舉措付諸實行。我們**惠及客戶**，以卓越的客戶服務相待。我們**惠及員工**，提供回報豐碩的事業及吸引的員工計劃。我們**惠及業務夥伴**，以誠懇態度維持有效合作。

Contents

2 Our Core Businesses

6 Chairman’s Statement

12 Management Discussion and Analysis

22 Environmental, Social and Governance Report

37 Report of the Directors

43 Corporate Governance Report

51 Corporate Information

53 Board of Directors

56 Senior Management

57 Independent Auditor’s Report

63 Consolidated Statement of Profit or Loss and Other Comprehensive Income

64 Consolidated Statement of Financial Position

66 Consolidated Statement of Changes in Equity

67 Consolidated Statement of Cash Flows

69 Notes to the Consolidated Financial Statements

157 Summary of Financial Information

158 Details of Investment Properties

Our Core Businesses

FINANCIAL SERVICES

Brokerage – Our brokerage division provides stock and futures broking services and online stock and futures trading services to clients.

Brokerage Financing – We provide our clients financing services for trading stocks and other listed securities, and for subscribing in new shares of initial public offerings ("IPOs").

Corporate Finance – Our corporate finance division provides a wide range of corporate finance solutions to corporate clients. We specialize in IPOs and possess a track record in acting as the sole sponsor, bookrunner and lead manager for IPOs. We also provide new share placement services and other equity and debt financing solutions to clients.

Asset Management – Our asset management division provides tailor-made asset management solutions to high net worth clients. We help clients reach their financial goals as well as obtain a competitive return on their investments.

MORTGAGE FINANCING

Our mortgage financing division provides loans to individuals, corporations and institutions that are secured by real estate collaterals. We focus on first-mortgage and second-mortgage loans, and offer customers attractive interest rates.

PROPERTY DEVELOPMENT & INVESTMENT

We develop and invest in properties. We focus on properties that are good long-term assets that provide the Group good rental yields and good appreciation prospects.

SECURITIES TRADING

Our securities trading division engages in the trading of securities and derivative products.

Making a Positive Impact on Customers

We make a positive impact on customers by helping our customers reach their goals through the provision of high-quality products and services.

Putting on a smile and giving our customers great customer service is another way that we make a positive impact on customers. Going forward, we will continue to make a positive impact on customers by bringing value to our customers.


MORTGAGE FINANCING
PROPERTY DEVELOPMENT & INVESTMENT

Chairman's Statement

Building value for shareholders and warrant holders is at the heart of everything that we do at the Styland Group. It is this very important mission of ours that propels us to achieve more, and to aim for the skies.

Chairman's Statement

Dear Shareholders and Warrant Holders,

I am pleased to present to you our annual report for the year ended 31 March 2019 ("**FY2019**").

Building value for shareholders and warrant holders is at the heart of everything that we do at the Styland Group. It is this very important mission of ours that propels us to achieve more, and to aim for the skies.

We are always striving to make our business even better. During the year in review, we strengthened our financial services business by adding a new service, futures broking, to our line of service provision. We also planned to start doing mergers and acquisitions ("**M&A**") advisory business. With these two new services under our belt, this puts us in an even stronger position for generating growth for the Group.

FINANCIAL PERFORMANCE IN FY2019

In FY2019, we worked under a challenging macro environment. The China-US trade dispute and the slowing down of the Chinese economy affected the financial services industry. The ripple effects of these influences were seen in stock markets around the world. As such, the stock markets of Hong Kong and Mainland China came under pressure in FY2019.

For FY2019, our top line was HK$234,787,000 and the loss for the year was HK$6,435,000. Our cash position remained healthy in FY2019. On 31 March 2019, the Group had bank balance and cash on hand in the amount of HK$112,372,000.

STRENGTHENED OUR FINANCIAL SERVICES BUSINESS

To thrive in the competitive financial services industry that we operate in, we must adapt to market changes and tailor our products and services to meet the desires and demands of our clients. This was our thinking behind our provision of futures broking service to the market.

In FY2019, we launched our new futures broking service into the market for the first time and were ready to trade futures contracts for our clients. This futures broking service has the advantage of helping clients hedge risks. With our futures broking service in place, we believe we are well poised to capture new futures broking business.

Chairman's Statement

CORPORATE FINANCE DIVISION GAINED NEW IPO BUSINESS

During the year in review, our corporate finance division secured a new initial public offering ("**IPO**") deal, the IPO of KOS International Holdings Limited (stock code: 8042). The Group's wholly owned subsidiary, Ever-Long Securities Company Limited, acted as the sole sponsor of this Hong Kong IPO. In FY2019, this IPO was successfully launched into the market.

Our IPO business continues to be a key source of income for the Group. Due to its importance to the Group, in the future, we will intensely focus on obtaining more IPO business.

To capture the demand in the M&A market, and to provide the Group with a new avenue for generating income, in FY2019, we applied to the Securities and Futures Commission (the "**SFC**") for the further release of the licensing condition relating to financial advisory on M&A transactions. This is a new area of business for the Group which we see good prospects in the near term and long-term horizons.

RELOCATION OF FINANCIAL SERVICES BUSINESS TO WING ON CENTRE

To achieve greater efficiency in our business operations, in FY2019, we centralized our financial services business and moved them to our new office at Wing On Centre. Through this relocation, our brokerage, brokerage financing, corporate finance and asset management businesses started operating at our Wing On Centre office.

Chairman's Statement

INVESTING IN OUR COMMUNITIES

We are proud to highlight that the Styland Group has been investing in its communities over the past 42 years. This solid track record in community investment reflects our strong passion for investing in our communities, which has been deeply rooted in the Group's corporate culture for many years now. We carefully select and participate in community investment activities that are well aligned with the goals and values of the Group.

Striving to make a positive impact on our communities is what we do, and we do this through our participation in a variety of community investment activities each year. One of our community investment highlights of FY2019 was the Group's wholly owned subsidiary Ever-Long Securities Company Limited's sponsorship and participation in the "Run for Survival" event for the second time in a row. The significance of the event was to raise awareness for the issue of ocean pollution caused by plastics.

GOING FORWARD

Going forward, we will leverage our greatest skills and talents to gain new business and create growth for the Group. Having strengthened our line of services provision in FY2019, and having achieved a higher level of operational efficiency through our office relocation, we believe we are in a good position to generate growth and gain new business for the Group.

Last but not least, on behalf of all of us at the Styland Group, I would like to extend a big thank you to you, our valued shareholders and warrant holders, for your continued support of the Group.

Zhao Qingji
Chairman

Hong Kong, 21 June 2019

Making a Positive Impact on Our Communities

One of the most important goals of the Styland Group is to make a positive impact on its communities.

We have a strong track record in carrying out community investment activities that make a positive impact to those living in the communities that we do business in. Doing good deeds that benefit our communities is what we care about.


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Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS

FY2019 Results

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

Review of Operations

Financial Services

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

- *Brokerage*

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

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

Management Discussion and Analysis

Thanks to this strategy, the total number of securities trading client accounts had increased by 5.8% in FY2019 when compared to that in FY2018.

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

- *Brokerage Financing*

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

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

- *Corporate Finance*

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

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

Management Discussion and Analysis

- *Asset Management*

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

Mortgage Financing

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

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

Property Development and Investment

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

Securities Trading

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

Management Discussion and Analysis

The IT Company is a company listed on the Australian Securities Exchange and operates a web-based real estate and business crowd funding platform that connects investors with businesses requiring capital. The Resources Company is a company listed on the Main Board of the Stock Exchange and is principally engaged in the coalbed methane exploration and development as well as the sale of electronic components and treasury.

The decline in the share prices of the IT Company and the Resources Company during FY2019 was because of various market factors. However, in the long term, in light of the increasing popularity of information technology companies in the market, and the emphasis on environmental protection and the future demand for natural resources, we believe that the businesses in which the IT Company and the Resources Company are mainly engaged will have positive prospects in the global market.

Prospects

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

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

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

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

Management Discussion and Analysis

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

FINANCIAL REVIEW ON LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

Investments in Financial Assets at Fair Value through Profit or Loss

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

Charges on Group Assets

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

Credit Risk

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

Management Discussion and Analysis

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

Operational Risk

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

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

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

To maintain the professionalism of the Board, three of the Board members are certified public accountants who monitor or advise the Group on internal control matters. Under the mortgage financing business, we had net consolidated mortgage loans that totaled approximately HK$133,138,000 as at 31 March 2019, and customers were satisfied with our services.

Interest Rate Risk

All of the Group's borrowings bore interest at either fixed interest rates or floating interest rates. Its risk arises from the interest payments which were charged according to floating interest rates. The Group monitors its interest rate exposure regularly to ensure that the underlying risk is within an acceptable range.

Management Discussion and Analysis

Liquidity Risk

The Group's policy is to regularly assess current and expected liquidity requirements and to ensure that it maintains reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements. As at 31 March 2019, the amount of undrawn banking facilities of the Group was approximately HK$29,126,000.

Price Risk

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

Foreign Exchange Exposure

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

STAFF

As at 31 March 2019, the Group had 113 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, hospitalization 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 of the Directors (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.

Management Discussion and Analysis

CLOSURE OF REGISTER OF MEMBERS

For determination of the shareholders' entitlements to the proposed final dividend, the register of members of the Company will be closed from 9 September 2019 to 10 September 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, (i) in the case of shareholders, all transfer documents accompanied by the relevant share certificates; or (ii) in the case of warrant holders, all subscription forms accompanied by the relevant warrant certificates and subscription monies, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 6 September 2019.

MATERIAL ACQUISITION AND DISPOSAL

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

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

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

CONTINGENT LIABILITIES

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

EVENT AFTER THE REPORTING PERIOD

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

Making a Positive Impact on the Environment

We make a positive impact on the environment on an ongoing basis through the various environmental protection activities that we undertake.

We are cognizant of the preciousness of the earth's natural resources so we take great strides in preserving and protecting all that goodness of the environment.


Stylandia

Environmental, Social and Governance Report

I. ABOUT THIS REPORT

The Board is pleased to present this Environmental, Social and Governance Report (hereinafter called "**ESG Report**" or "**Report**") of the Company and its subsidiaries (collectively referred to as the "**Group**" or "**we**"). This ESG Report summarizes the policies, sustainability strategies, management approaches, initiatives and the results attained by the Group in the environmental and social aspects of its business.

This ESG Report covers all of the Group's businesses, namely, financial services, mortgage financing, property development and investment, and securities trading for FY2019. The Report discloses the required information under the "comply or explain" provisions of the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Board is responsible for the Group's ESG strategy formulation and reporting, evaluation and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management measures and internal control systems are in place. In order to determine the ESG reporting scopes, the key management personnel have discussed internally and identified the environmental, social and operating items; and assessed their importance to the stakeholders and the Group. The summary of material ESG items is shown in this Report.

Environmental, Social and Governance Report

II. STAKEHOLDERS' ENGAGEMENT

The Group is committed to maintaining the sustainable development of its businesses and the environmental protection of the communities in which it operates. The Group maintains close ties with its stakeholders, including government/regulatory organizations, shareholders/investors, employees, customers, suppliers, community, etc. and strives to balance their opinions and interests through constructive communications in order to determine the direction of its sustainable development. The Group assesses and determines its environmental, social and governance risks, and ensures that the relevant risk management measures and internal control systems are operating effectively. The following table shows the management's responses to the stakeholders' expectations and concerns:

Stakeholders	Expectations and Concerns	Management Response
Government/ Regulatory Organizations	➢ Compliance in laws and regulations ➢ Fulfill tax obligation	➢ Uphold integrity and compliance in operations ➢ Pay tax (if any) on time ➢ Establish comprehensive and effective internal control systems
Shareholders/Investors	➢ Return on investment ➢ Information transparency ➢ Corporate governance system	➢ Management team possesses relevant experience and professional knowledge in business sustainability ➢ Ensure transparency and efficient communications published on the websites of the Stock Exchange and the Company ➢ Continuous improvements in internal controls and focus on risk management
Employees	➢ Labor rights ➢ Career development ➢ Compensation and welfare ➢ Health and workplace safety	➢ Set up contractual obligations to protect labor rights ➢ Encourage employees to participate in continuous education and professional trainings ➢ Establish a fair, reasonable and competitive remuneration scheme ➢ Improve occupational health and safety
Customers	➢ High quality services	➢ Improve the quality of services continuously in order to maintain customer satisfaction ➢ Ensure proper contractual obligations are in place
Suppliers	➢ Stable demand ➢ Good relationship with the Company ➢ Corporate reputation	➢ Ensure proper contractual obligations are in place ➢ Establish policies and procedures in supply chain management ➢ Establish and maintain strong and long-term relationships with suppliers ➢ Select suppliers with due care
Community	➢ Environmental protection ➢ Community contribution ➢ Economic development	➢ Pay attention to the issue of climate change ➢ Encourage employees to actively participate in charitable activities and voluntary services ➢ Maintain good and stable financial performance and business growth

Environmental, Social and Governance Report

III. MATERIALITY MATRIX

In FY2019, the Group has evaluated a number of environmental, social and operating items, and assessed their importance to stakeholders and the Group through various channels. This assessment helps to ensure that the Group's business objectives and development directions are in line with the stakeholders' expectations and requirements. The matters of concern of the Group and its stakeholders are presented in the following materiality matrix:

Materiality Matrix

Importance to Stakeholders	Low (Importance to the Group)	Medium (Importance to the Group)	High (Importance to the Group)
High	◆ Anti-discrimination measures ◆ Labor rights protection	◆ Talent management ◆ Staff training and promotion opportunities ◆ Staff compensation and welfare	➢ Customer satisfaction ➢ Service quality ➢ Anti-corruption
Medium	➢ Community contribution	✧ Greenhouse gas emissions ✧ Use of resources ◆ Occupational health and safety	➢ Operational compliance ➢ Customers' privacy measures and protection ➢ Suppliers management
Low	◆ Preventive measures against child and forced labor ✧ Exhaust air emissions ✧ Sewage discharge ✧ Generation of non-hazardous wastes	✧ Water resources utilization	

✧ Environmental　◆ Employee　➢ Operation

Environmental, Social and Governance Report

IV. ENVIRONMENTAL PROTECTION

The Group has always adhered to its management philosophy of sustainable development, and has been devoted to improve its environmental performance. To maintain a balance between efficient operation and environmental protection, the Group has established a set of comprehensive environmental protection policies to cover the reduction of air and greenhouse gas emissions, energy efficiency, water conservation, and hazardous and non-hazardous waste management. The Group also formulates corresponding indicators and various measures to manage natural resources. The Group strives to minimize its potential impact on the environment.

1. Management of Emissions

The Group recognizes the close link between energy consumption and greenhouse gas emissions and undertakes various energy-saving measures (refer to the section "Management of Resources Utilization" below for details) to manage energy consumption, improve energy efficiency and reduce its impact on the environment. Waste management mainly involves the collection of waste paper for recycling (refer to the section "Management of Resources Utilization" below for details). In FY2019, the Group did not generate hazardous wastes.

The Group's property development business includes a redevelopment project at Fei Ngo Shan Road, the occupation permit of which was obtained in April 2019. The project, with a total site area of more than 16,000 square feet, was outsourced to contractors. In FY2019, the Group and the contractors have complied with the requirements under the environmental protection legislation. Due to the remote location of the site, the impact from noise to the surrounding environment was not significant. During FY2019, the solid wastes from this project were handled according to the Waste Disposal Ordinance to mitigate the impact of the wastes on the environment. The recyclable wastes were handled by the recycler, and non-recyclable inert and non-inert wastes were sent to public filling facilities and landfills respectively. The Group adheres to the relevant government laws and regulations regarding wastewater treatment and discharge. The contractor has obtained a licence under the Water Pollution Control Ordinance for wastewater discharge to the appropriate drainage and sewage. All of our wastewater has been treated according to the government's standards prior to discharge.

2. Management of Resources Utilization

The Group recognizes its responsibilities to manage its resources and minimize its impact on the environment. Furthermore, the Group is devoted to ensure that all of its resources are utilized in an efficient and wise manner. Hence, we have set up a "Green Office", and encouraged employees to adopt our management principles of 5S and 4R in the workplace. The "5S" are "Sort", "Straighten", "Shine", "Standardize" and "Self-discipline"; and "4R" refers to "Reduce", "Reuse", "Recycle" and "Replace". Having adopted and implemented these measures, the Group has made a positive impact on the environment and the Group. In addition to our resources being utilized more efficiently and wastes were reduced, our work efficiency was also enhanced. The implementation of these key management principles has resulted in a win-win-win situation for our employees, the Group and the earth.

Environmental, Social and Governance Report

(1) Conservation of Energy

The Group's electricity consumption comes mainly from office lighting and the usage of office equipment and other electrical appliances. We have set up a series of measures to save energy and to raise the electricity efficiency of our office equipment and electrical appliances. We have encouraged our employees to adopt good habits for using office equipment and electrical appliances. For example, selecting office equipment and electrical appliances with energy efficiency labels or high energy efficiency; switching off office equipment such as computers, photocopiers, printers, air-conditioners at night time and during weekends when they are not in use; further minimizing the energy consumption of equipment under "Standby" mode by unplugging computers and electrical appliances; and setting the temperature of air conditioning at 25.5 degrees Celsius.

Due to our employees' active support and implementation of our energy-saving measures, in FY2019, the Group's electricity consumption was reduced by approximately 21.91 Megawatt hours ("MWh") compared to that in the previous financial year ("FY2018"). Measured on a per employee basis, the Group's electricity consumption per employee in FY2019 was reduced by approximately 0.30 compared with that in FY2018.

During FY2019, our main usage of gasoline was in vehicles. We regularly repaired and maintained the Group's vehicles to improve their energy efficiency. Furthermore, this proper repair and maintenance of the vehicles helped to reduce the extra fuel usage and exhaust air emissions resulting from the failure of the vehicle's parts. In FY2019, the Group's gasoline consumption was approximately 4.22 tonnes, representing an increase of approximately 1.08 tonnes or 34.39% compared with that in FY2018. This increase was primarily due to a higher usage of the Group's vehicles in FY2019.

(2) Conservation of Water

Water consumption of the Group was mainly comprised of bottled drinking water and water from the washrooms of our offices that were strictly used for sanitary purposes. The bottled drinking water was purchased from vendors. The water from the washrooms that was used for sanitation was supplied and managed by the property management company. During FY2019, although the Group did not face any water supply shortages, various water-saving measures were actively adopted and employees were educated to conserve water in their daily lives. Moreover, we raised the awareness of our employees about the efficient use of water and to reduce waste. For example, our employees were encouraged to finish drinking the water in their mugs and not to use potable water for any other purposes, etc.

Environmental, Social and Governance Report

(3) Conservation of Paper

The Group promotes its "green office" policy and encourages its staff to save paper and avoid wasting paper. To reduce the amount of paper we use, we distribute files in electronic format as much as possible in order to minimize photocopying and printing on paper. Furthermore, we strive to fully utilize both sides of paper by reusing paper that has only been used on one side. With respect to paper that has been used on both sides, we collect those in our paper recycling bins for passing over to the recycler for the recycling purpose. Our employees have actively supported our paper conservation measures. In FY2019, the Group consumed approximately 2.56 tonnes of paper. This is a decrease of approximately 1.58 tonnes of paper or a 41.95% reduction in the amount of paper used in FY2019 as compared with that in FY2018. Assessed on a per employee basis, in FY2019, the paper consumption per employee also decreased by approximately 0.02 tonnes compared with that in FY2018.

(4) Others

Other measures to reduce carbon emissions include our increased usage of mugs in the office and our decreased usage of disposable paper cups; reduced usage of disposable utensils; reduced business trips, and to encourage employees to travel by public transportation whenever it is practical to do so.

3. The Environment and Natural Resources

The Group has always been devoted to care about and protect the natural environment. We believe that everyone should take part in it and we hope to create a beautiful living environment together. In order to let employees gain a greater understanding of the importance of their impact on the environment, we have set up various policies and measures, and took various actions with an aim to reduce our carbon footprint, as well as lessen our environmental impact while conducting our personal and business lives (refer to the sections "Management of Emissions" and "Management of Resources Utilization" above for details).

4. Compliance

During FY2019, 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

V. EMPLOYMENT AND LABOR PRACTICES

The Group has always regarded its employees as its most valuable assets. The Group adheres to its "employee-oriented" governance philosophy and has established a comprehensive talent management mechanism to attract and retain competent talents for the sustainable development of its businesses. We are devoted to create a non-discrimination, equal, harmonious and safe workplace; build up mutual respect and good relationships with our people; encourage our employees to be innovative, flexible and committed when dealing with our clients and to provide high-quality services to our clients. To achieve these goals, we offer career advancement opportunities to attract talents. We also develop, retain and reward our staff and provide them with commensurate remuneration, personal growth and career development training, together with fringe benefits such as retirement benefits, vacations and insurance. In addition, we promote a good work-life balance to our employees and focus on our employees' physical and mental health, and organize meaningful, fun-filled staff activities to enrich their leisure time and to promote team cohesion.

1. Talent Selection

The Group is a fair opportunity employer and respects personal privacy, and it has established and implemented a fair treatment policy. Our job candidates are selected based on their morality, knowledge, abilities and job requirements, and regardless of their ethnic group, religious affiliation, gender, age or marital status. This policy applies to all phases of the employment relationship, including but not limited to hiring, promotion, performance appraisal, training, personal development and termination.

2. Labor Standards

The Group cherishes human rights and prohibits any unethical hiring practices including child and forced labor by conducting background checks in its hiring process. The employee's consent for working overtime is required to avoid forced overtime work. Our employees are compensated in accordance with the applicable labor laws and regulations. In FY2019, the Group did not hire any applicants under the legal working age and have complied with the local laws and regulations with respect to child and forced labor.

Environmental, Social and Governance Report

3. Compensation and Welfare

The Group examines the salary levels of employees regularly to ensure they are up to the market standard. The Group benchmarks up-to-date remuneration data in its industry and strives to establish a fair, reasonable and competitive remuneration scheme. Staff remuneration is decided based on the staff's knowledge, skills, experiences and educational background with reference to the work requirements. Basic remuneration and benefits of employees include basic salary, paid holidays, and insurance, etc. We conduct periodic performance appraisals and fairly assess the discretionary bonuses, subsidies, commissions, year-end bonuses, salary increments and/or promotion recommendations based on a number of criteria (working experience, seniority, knowledge and skills, performance, contribution, etc.). The Group also 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 Hong Kong Employment Ordinance. Employees participate in the mandatory provident fund scheme as retirement protection benefit, and we also protect their rights of rest days and statutory holidays. We handle dismissal and compensation in accordance with the Hong Kong Employment Ordinance.

The Group pays attention to its employees' health, encourages work-life balance by implementing a five-day work week. In order to enhance cooperation and cohesion among employees, as well as help them build up a sense of belonging and stay relaxed, regular employee gatherings including quarterly birthday parties, Lunar New Year dinner, Mid-Autumn Festival gathering, Christmas party and so on have been organized.

4. Development and Training

A high caliber corporate team is critical to our sustained, long-term business development. To this end, the Group has established a long-term talent development training strategy and has also encouraged its staff to continue to study and take on lifelong learning. New hires are provided on-the-job training. The Human Resources Department together with the supervisors of each business unit have provided employees an introduction to the Group's corporate culture, as well as helped them gain industry knowledge and briefed new employees about their job duties. Ongoing training can enhance our employees' professional knowledge and work skills; and also provide a reasonable guarantee to ensure 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 businesses and their job duties. We believe that encouraging our employees to take relevant courses to enhance their professional knowledge and skills will bring potential benefits to the Group.

Environmental, Social and Governance Report

5. Health and Safety

The Group always puts the health and safety of its employees as a priority, and takes a comprehensive preventive approach to staff health and workplace safety, including illness and injury prevention. We have clear evacuation procedures in case of a fire outbreak in any of our offices to ensure that our employees know how to take sensible and immediate action. All employees of the Group take part to give unconditional support to build a healthy and smoke-free working environment. Smoking in office areas such as at washrooms and staircases is strictly prohibited. We recognize that the air quality in our offices may affect our employees' health. To this end, we employ professional cleaners to clean our offices' air conditioning facilities. Besides, we promote the concept of green office and have decorated our offices with indoor plants to provide our staff a comfortable work environment.

6. Compliance

During FY2019, the Group was not involved in any non-compliance incidents relating to employment, health and safety, and labor standards that have significant impact on the Group.

VI. OPERATING PRACTICES

1. Supply Chain Management

The Group has communicated with suppliers and business partners its environmental issues and expectations, and hopes that its suppliers can cooperate with the Group to work together to fulfill the Group's social responsibility to its communities. The Group also aims to maintain long-term, stable and strategic cooperative relationships with its suppliers, and cooperate with its suppliers on the basis of equality to achieve a win-win situation. In order to establish an efficient and green supply chain system, we select suppliers and service providers with good credit history, reputable, high service quality, proven track records of environmental compliance and sound commitment to social responsibility. We do not conduct performance reviews of our suppliers and service providers on a regular basis, as we channel our time and resources towards effectively controlling our Group's product and service quality.

We have appointed a consultancy firm to manage the property redevelopment project at our Fei Ngo Shan investment property; and outsourced this project to contractors following the strict tendering requirement in selecting and evaluating contractors. The process includes background review, evaluating qualifications, law compliance, technical standards, respect the spirit of agreements, reputation and so on. The tendering process must be fully transparent, at the same time, keeping the tender confidential so as to prevent impacting its fairness and impartiality.

Environmental, Social and Governance Report

2. Service Responsibility

Client satisfaction is vital to the Group's continuous business growth in the long run. We are dedicated to providing high-quality, professional services to clients with the highest degree of integrity, perpetually striving for excellence; and we always aim to exceed our clients' expectations. We have formulated the following policies and procedures in achieving this aim:–

(1) Licenses and Registrations

We have established a team of financial specialists who possess the necessary licenses required by laws and regulations. They are dedicated to providing quality, professional financial and investment services to our clients. To avoid any doubts regarding the fitness, appropriateness and professional qualifications of our financial specialists, they are mandated to undertake sufficient hours of continuous professional training each year for regulated activities. We also hold a mortgage financing license, which enables us to provide relevant services to our clients in compliance with the laws and regulations.

(2) Know Your Client

The Group conducts "know your client" background reviews prior to opening accounts for new clients. This is to ensure that the most suitable financial services are provided to clients and to build up our customers' confidence in our financial team. We verify the client's identity, investment objectives and experience, risk tolerance level, financial status, occupation, age, etc. and obtain relevant documents as proof and for our record keeping. We review and update the client profiles periodically.

Environmental, Social and Governance Report

(3) Customer Data Protection and Privacy Policies

We handle our clients' personal data with caution and in accordance with the requirements under the applicable laws. All client personal data are kept confidentially 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 related to 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. In FY2019, there were no complaints received concerning breaches of customer privacy and loss of data.

(4) Customer Complaints

We established our policies and procedures in handling client complaints with reference to our code of conduct. Our managing director and top management are informed immediately once client complaints are received and the details and relevant documents must be properly kept. The complainers must be told how they can follow up and check the status of their cases with the Inspection Department. All client complaints have to be investigated immediately and handled properly following our managing director's or top management's instructions. The Inspection Department might assist in the investigation whenever needed. All staff involved in the complaints are not allowed to participate in the investigation. In case that the incident cannot be remediated promptly, the complainers should be informed about alternative solutions that are available to the complainers under the applicable regulatory system.

(5) Integrity

To ensure the sustainable growth of the Group's businesses, we demand all of our employees to conduct the Group's businesses with integrity and in compliance with the relevant laws and regulations. As employees, it is important that they understand what the Group's core values are. To this end, we have communicated the Group's core values to our employees. All staff members of the Group including directors, management and general staff are required to adhere to our Internal Code of Conduct (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.

(6) Compliance

In FY2019, there were no reported violations or litigations regarding our services.

Environmental, Social and Governance Report

3. Anti-corruption

Maintaining an ethical working environment is one of the Group's core values. We have adopted a zero-tolerance approach for all kinds of corruption, bribery and extortion situations. Therefore, we have set up a "Staff Manual" to outline the guidelines and reporting methods 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 to 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 and money laundering in breach of policies, regulations and laws. We will keep on improving our whistleblowing system and are determined to combat corruption and contribute to building a virtuous society.

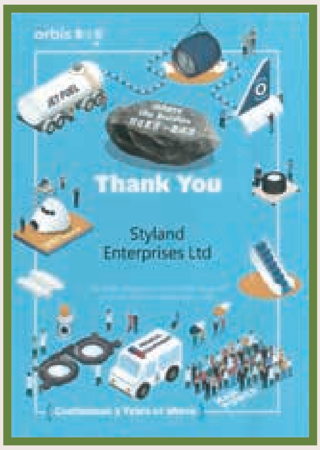
To comply with the laws and regulations, and to protect the interests of stakeholders, our employees are required to strictly comply with the policies and procedures relevant to each particular transaction including verification of clients' identities, assessment of clients' honesty, integrity, commercial ability and creditworthiness; and to keep documents and records properly. To avoid dealing with potential money launderers, terrorist financiers or handling funds derived from any criminal activity, we refuse to operate any accounts for anonymous clients or in obviously fictitious names. Our employees are required to bring any suspicious transactions to the urgent attention of the compliance manager for review. The compliance manager shall conduct a thorough investigation and determine whether suspicion remains. We have been providing appropriate training to our employees in the dealing department so that they understand the money laundering and counter-terrorism techniques; and we also remind our employees of their responsibilities with respect to anti-corruption. We also send periodic circulars to all employees to alert them of any new money laundering techniques being used.

In FY2019, the Group and its employees were not involved in any litigation cases of corruption.

Environmental, Social and Governance Report

VII. COMMUNITY INVESTMENT

As a good corporate citizen, the Group keeps on contributing to the community, and show that it cares by supporting charitable organizations. In FY2019, we donated money to Orbis World Vision Day 2018, Love Teeth Day 2018/2019, and Skip Lunch Day 2019 with the hope to help people in need.



We aim to set a good example in promoting environmental protection and building a green world through community investment. FY2019 marked the fifth consecutive year in which we participated in the "Red Packets Recycle and Reuse Campaign" held by Greeners Action. This organization categorizes and repacks the red packets collected and distributes them to the public and non-profit organizations for recycling and reuse. FY2019 marked the second consecutive year in which the Group's employees supported the "Run for Survival" event organized by Ocean Park Conservation Foundation Hong Kong. This event raised the environmental protection consciousness of the public and aroused the public's attention regarding the increasingly serious ocean environmental pollution problem.

Environmental, Social and Governance Report

During FY2019, we also participated in the "Earth Hour 2019" event organized by the World Wildlife Fund. The Earth Hour event is one of our long-running sponsorships as FY2019 marked the ninth consecutive year of our participation in this meaningful event. As part of our sponsorship, our employees participated in the Earth Hour event by switching off the unnecessary lights at home for an hour at the specified time. Such activity reminds the public to adopt a greener lifestyle, and to conserve the earth's resources and to reduce its burden; and to work together to build a sustainable future for humans and nature. Additionally, in FY2019, we sponsored the "Hong Kong Heart Anywhere Short Film Competition 2018" for the first time which encouraged citizens self-improvement in adversity which is the theme of the competition.

Our employees participate in the Mandatory Provident Fund scheme as retirement benefits, and we also help our employees plan for their retirement. We run our business following good practices as we actively promote green energy-saving concepts as well as environmentally friendly concepts. We strive to contribute to building a harmonious community.

Environmental, Social and Governance Report

VIII. VISION OUTLOOK

As a good corporate citizen, the Group strives to strike a balance between achieving its corporate missions and business objectives, and fulfilling its social responsibilities. We will continue to evaluate our performance in environmental protection, employee care, service quality and community involvement which are important to our sustainable development.

The Group will endeavor to comply with the increasingly stringent laws and regulations pertaining to environmental protection, and actively promote and participate in various environmental protection activities. We will continue to provide our employees a safe and high-quality working environment, as this is one of our top priorities. The Group aims to attract more talents by providing a comfortable working environment and competitive remuneration to its employees. As for customer service, we will keep on investing resources to further raise the standard of the customer service that we provide our clients. We are also committed to fulfilling our social responsibility by participating in charitable activities and promoting the community's sustainable development.

Going forward, the Group aims to enhance its business performance through the implementation of sustainable development strategies and generate long-term value for the Group and its stakeholders.

IX. ENVIRONMENTAL PERFORMANCE DATA SUMMARY

	Unit	2018/19	2017/18[4]
Natural resources consumption:			
Electricity:			
Total	MWh	117.34	139.25
Intensity [3]	MWh	1.05	1.35
Gasoline:			
Total	Tonnes	4.22	3.14
Intensity [3]	Tonnes	0.04	0.03
Greenhouse gas emissions ("GHG"):			
Scope 1 [1]:			
Total	Tonnes	13.11	10.74
Intensity [3]	Tonnes	0.12	0.10
Scope 2 [2]:			
Total	Tonnes	86.76	103.83
Intensity [3]	Tonnes	0.77	1.01
Air emissions:			
Nitrogen oxides	Tonnes	1.11	0.91
Sulfur oxides	Tonnes	0.09	0.07
Particulate matters	Tonnes	0.12	0.10

Note:

1 Scope 1 refers to the Group's business direct GHG emissions, including combustion of gasoline.

2 Scope 2 refers to the Group's business indirect GHG emissions, including consumption of purchased electricity.

3 Intensity is based on the number of employees.

4 Last year's comparative figures are restated to conform with the current year's presentation.

Report of the Directors

The Directors present their report and audited financial statements of the Company and the Group for FY2019.

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 FY2019 and the state of affairs of the Group as at 31 March 2019 are set out in the consolidated financial statements on pages 63 to 156.

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

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

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 6 to 19 of this annual report.

Compliance with laws and regulations

During FY2019, as far as the Directors are aware, there were no material non-compliances with the 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 businesses 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 15 and 16 to the consolidated financial statements respectively. Further details of the Group's investment properties are set out on page 158.

SHARE CAPITAL

Details of movements in the share capital are set out in note 35 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 42 to the consolidated financial statements. Details of movements in the reserves of the Group during the year are set out on page 66.

DISTRIBUTABLE RESERVES

As at 31 March 2019, the Company's reserves available for distribution were HK$233,385,000. Under the laws of Bermuda, the Company's share premium account, in the amount of HK$187,245,000, 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 157. This summary does not form part of the audited consolidated financial statements.

Report of the Directors

DIRECTORS

The Directors of the Company in FY2019 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

In accordance with the Company's Bye-Laws 182(vi), Ms. Chen Lili, Mr. Yeung Shun Kee, Mr. Li Hancheng and Mr. Lee Kwok Yin Denthur 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 2019, none of the Directors and chief executive of the Company had any interest or short positions in 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 as set out in Appendix 10 to the Listing Rules (the "**Model Code**").

DIRECTORS' 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 FY2019.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under Section 336 of the SFO shows that, as at 31 March 2019, the Company had been notified of the following interests in the Company:

	Number of ordinary shares	Underlying shares	Total	Percentage
Mr. Cheung Chi Shing *(Note 1)*	1,148,428,437	155,020,000	1,303,448,437	25.58%
Ms. Yeung Han Yi Yvonne *(Note 1)*	1,148,428,437	155,020,000	1,303,448,437	25.58%
Mr. Cheung Hoo Yin *(Note 2)*	269,558,209	53,911,641	323,469,850	6.35%

Note:

1. Ms. Yeung Han Yi Yvonne is the spouse of Mr. Cheung Chi Shing. Mr. Cheung Chi Shing and Ms. Yeung Han Yi Yvonne, personally, held 934,569,673 and 152,496,120 ordinary shares and/or underlying shares of the Company respectively. They were also deemed to have interest in 216,382,644 ordinary shares and/or underlying shares held by K.Y. Limited ("**KY**"). KY is a wholly owned subsidiary of Kenvonia Holdings Limited, which was in turn held equally by Mr. Cheung Chi Shing and Ms. Yeung Han Yi Yvonne.

2. Mr. Cheung Hoo Yin is the son of Mr. Cheung Chi Shing and Ms. Yeung Han Yi Yvonne.

BONUS ISSUE OF WARRANTS

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

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

As disclosed in the Announcement, the Group would apply any subscription monies received as and when the subscription rights were exercised (the "**Subscription Monies**") towards the general working capital of the Group. As at 31 March 2019, approximately HK$1,403,000 of the Subscription Monies were used as general working capital of the Group.

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

Report of the Directors

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 annual general meeting of the Company held on the Adoption Date, the total maximum number of shares (the "**Scheme Limit**") which may be issued upon the exercise of all 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. At the annual general meeting held on 15 September 2017, shareholders of the Company approved to refresh the Scheme Limit. As a result, the new Scheme Limit has been increased to 482,125,176 shares.

Further details of the Scheme are set out in the note 36 to the consolidated financial statement.

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 FY2019.

MAJOR CUSTOMERS

In FY2019, revenue from the Group's single largest and five largest customers combined accounted for 4% and 16%, respectively, of the Group's total revenue. 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 43 to 50.

Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

Based on the 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.

AUDITOR

Following the resignation of Messrs. UHY Vocation HK CPA Limited as the auditor of the Company on 27 March 2018, Grant Thornton Hong Kong Limited was appointed as the auditor of the Company on 27 March 2018 to fill in the vacancy. Save as disclosed above there were no other changes in auditors of the Company during the past three years. The consolidated financial statements of the Company for the year ended 31 March 2019 were audited by Grant Thornton Hong Kong Limited.

Grant Thornton Hong Kong Limited will retire at the forthcoming AGM. A resolution will be proposed to appoint auditors and to authorize the Board to fix their remuneration.

On behalf of the Board
Mak Kit Ping
Executive Director

Hong Kong, 21 June 2019

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 Listing Rules as its own code of corporate governance practices. The Company has complied with the applicable code provisions of the CG Code during FY2019, 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 businesses 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 FY2019, 10 Board meetings (including 4 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 FY2019 are as follows:

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

Corporate Governance Report

According to the code provision A.6.7 of the CG Code, generally, INEDs should also attend the general meetings of the Company, and according to E.1.2, the Chairman of the Board should attend the annual general meeting of the Company. Due to their other business commitments, during FY2019, two INEDs, one of whom is the Chairman of the Board, were unable to attend the two general meetings of the Company held during FY2019.

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 of the Company. According to the training records provided by the Directors, Ms. Mak Kit Ping, Ms. Zhang Yuyan, Ms. Chen Lili, Mr. Yeung Shun Kee, Mr. Li Hancheng, Mr. Lo Tsz Fung Philip and Mr. Lee Kwok Yin Denthur have also attended training courses, seminars or conferences to develop and refresh their knowledge and skills. In FY2019, certain materials on legislative and regulatory updates were circulated to the Directors for them to update themselves on 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 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 disclosure in this Corporate Governance Report.

In FY2019 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 recognizes 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 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 FY2019. The attendance of each member of the Audit Committee is set out as follows:

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

Corporate Governance Report

The Audit Committee had performed the following work in FY2019:

(i) reviewed and approved the audit scope and fees proposed by the external auditor for the annual audit for the year ended 31 March 2019;

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

(iii) reviewed the change 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 results announcement for the year ended 31 March 2018;

(v) reviewed and recommended for the Board's approval of the condensed consolidated interim financial statements and the related results announcement for the six months ended 30 September 2018;

(vi) reviewed the effectiveness of the internal control systems and the risk management of the Group; and

(vii) reviewed the adequacy of the resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, and their training programmes and budget.

Remuneration Committee

The Company has a 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 all executive 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 FY2019. The attendance of each member of the Remuneration Committee is set out as follows:

Members of the 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	2/2

Corporate Governance Report

The Remuneration Committee had performed the following work in FY2019:

(i) reviewed and approved the adjustment to the remuneration or salary of certain executive Directors and senior management; and

(ii) reviewed and approved the payment of bonus to certain executive Directors and senior management.

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 FY2019 is as follows:

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

Nomination Committee

The Company has set up a Nomination Committee comprising all INEDs. The Nomination Committee shall make recommendations to the Board on all new appointments or re-appointments of Directors in accordance with the Nomination Policy. The Board shall have the final decision on all matters relating to the Nomination Committee's recommendations. The selection criteria are mainly based on the professional qualifications, work experience and time commitment of the candidates as well as the diversity policy adopted by the Board. The Nomination Committee is of the view that the Board diversity policy is followed by the Board for its composition.

For nomination of an INED, the independence of the proposed candidate will be assessed with regard to the factors laid down in the Listing Rules. 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 of the Company. The detailed terms of reference of the Nomination Committee are available for inspection on the websites of the Company and the Stock Exchange respectively.

One Nomination Committee meeting was held in FY2019. The attendance of each member of the Nomination Committee is set out as follows:

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

Corporate Governance Report

The Nomination Committee had performed the following work in FY2019:

(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 2018 AGM;

(iii) assessed the independence of the INEDs; and

(iv) reviewed the Board diversity policy.

Directors' Securities Transactions

The Board has adopted 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 FY2019.

AUDITORS' REMUNERATION

For FY2019, the remuneration paid or payable in respect of the statutory audit, interim results review and internal control review by the external auditors of the Company were approximately HK$900,000, HK$80,000 and HK$95,000 respectively.

SHAREHOLDERS' RIGHTS

Convening a Special General Meeting of the Company by Shareholders

In accordance with Article 62 of the articles of association of the Company, 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.

Corporate Governance Report

Procedures for Making Proposals at Shareholders' Meetings

If a shareholder of the Company 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.

To put forward proposals other than the above at a general meeting, shareholders of the Company 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 were no significant changes in the Company's constitutional documents for FY2019.

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 FY2019, 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 FY2019.

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 57 to 62 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.

Corporate Governance Report

Risk Management and Internal Control

The Board also acknowledges its responsibility for overseeing the Group's risk management and internal controls on an ongoing basis and reviewing their effectiveness at least annually. The management continues to allocate resources for the risk management and internal control systems 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.

Risks associated to the business activities of the Group are identified and evaluated by each operating unit. The identified risks together with their control measures will be reported to the Audit Committee and the Board for approval. The Audit Committee and the Board would regularly review the risk factors and their control measures to respond to the changes in its businesses and the external environments.

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 risk management and internal control systems for FY2019.

A risk-based approach is adopted for the internal audit of the Group. The annual work plan covers 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 outsourced internal auditor, the Board considers the Group's internal control and risk management systems adequate and effective, and the Group has complied with the CG Code except for certain deviations as disclosed in this report.

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.

Handling and Dissemination of Inside Information

The Group had, from time to time, reminded the management of the requirements of the Listing Rules and guidelines on the inside information issued by the Stock Exchange and the SFC. The blackout notice period and Model Code are sent to the Directors regularly to arouse their awareness to preserve confidentiality of inside information. Inside information (if any) is only disseminated to specified persons on a need-to-know basis.

On behalf of the Board
Cheung Hoo Win
Chief Executive Officer

Hong Kong, 21 June 2019

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

Grant Thornton Hong Kong 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.

Corporate Information

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

Estera Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HONG KONG BRANCH REGISTRAR

Tricor Tengis Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
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 39, 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. Cheung is the son of Mr. Cheung Chi Shing and Ms. Yeung Han Yi Yvonne, and the brother of Mr. Cheung Hoo Yin. Mr. Cheung Chi Shing, Ms. Yeung Han Yi Yvonne and Mr. Cheung Hoo Yin are the substantial shareholders of the Company.

MR. NG YIU CHUEN

Executive Director

Mr. Ng, aged 60, 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 39 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 certain subsidiaries of the Company.

MS. MAK KIT PING

Executive Director

Ms. Mak, aged 53, 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), Type 2 activity (dealing in futures contracts), Type 4 activity (advising on securities), Type 6 activity (advising on corporate finance) and Type 9 activity (asset management), and is one of the responsible officers of Ever-Long Securities Company Limited, Ever-Long Futures Limited, Ever-Long Research Limited and Ever-Long Capital Management Limited, all are the wholly owned subsidiaries of the Company. Ms. Mak has more than 26 years of experience in the securities business and is mainly responsible for the Group's financial services business. Ms. Mak is also one of the directors of the subsidiaries of the Company.

Board of Directors

MS. ZHANG YUYAN

Executive Director

Ms. Zhang, aged 57, 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 37, 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 46, 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 (stock code: 736), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. 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 60, 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 56, 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. Mr. Li is an independent non-executive director of China Minsheng Banking Corp., Ltd., a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1988) and Shanghai Stock Exchange (stock code: 600016). He is also an outside director of Beijing Electronics Holding Company Limited.

MR. LO TSZ FUNG PHILIP

Independent Non-Executive Director

Mr. Lo, aged 52, 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 OTCQX in the United States, and the chief financial officer of China Keli Electric Company Limited, a company listed on the NEX board of TSX Venture Exchange in Canada.

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 52, was appointed independent non-executive Director of the Company in November 2016. He has extensive experience in the 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 of Hong Kong Limited.

Senior Management

MR. NG SHUN FU

Managing Director of Subsidiary

Mr. Ng, aged 71, joined the Group in 1996 as a managing director of Ever-Long Securities Company Limited, a wholly owned subsidiary of the Company that engages in its core business of securities brokerage. 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 57, 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 29 years of experience in the securities business.

MS. HUNG LAI KAM DIANA

Director of Subsidiary

Ms. Hung, aged 38, 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 47, 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

Grant Thornton
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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 (together, the "**Group**") set out on pages 63 to 156, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR 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.

Independent Auditor's Report

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.

The Key Audit Matters	How the matter was addressed in our audit

Expected credit losses ("ECL") allowance for loan receivables and accounts receivable

Refer to note 19 and note 20 to the consolidated financial statements and the critical judgment in applying the Group's accounting policies in note 4.2

As at 31 March 2019, the carrying amount of the Group's loan receivables and accounts receivable net of ECL allowance of HK$25,614,000 and HK$9,239,000 were HK$223,372,000 and HK$30,457,000 respectively.

The Group's ECL allowance were based on management's estimate by taking into account of creditability of individual borrowers/clients and the historical credit loss experience, adjusted for factors that are specific to the individual borrower/clients, the fair value of assets pledged as collateral and an assessment of both the current and forecast general economic conditions at the reporting date.

We identified the ECL for loan receivables and accounts receivable as a key audit matter due to estimation uncertainty inherent in the management's credit risk assessment process and the extent of judgement involved.

Our procedures in relation to the assessment of ECL allowance for loan receivables and accounts receivable included:

– Inquiring the management on the Group's established policies and procedures on credit risk management, assessing and evaluating the process with respect to identification of loan receivables from borrowers and accounts receivable from clients with indicators of impairment and the measurement of the ECL allowance;

– Evaluating the reasonableness of management's assessment on the credit quality of the borrowers/clients by examining, on sample basis, financial background, current creditworthiness, the collateral and past collection history of the borrowers/clients;

– Checking, on sample basis, the existence and estimation of the expected recoverable amount of the underlying collateral, if applicable;

– Checking, on sample basis, subsequent settlements on loan receivables and accounts receivable for the recoverability; and

– Reviewing the appropriateness of adjustments to the forward looking information.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

The Key Audit Matters	How the matter was addressed in our audit

Valuation of investment properties

Refer to note 16 to the consolidated financial statements and the key sources of estimation uncertainty in note 4.1

The Key Audit Matters	How the matter was addressed in our audit
The Group's investment properties are located in Hong Kong. As at 31 March 2019, the Group's investment properties amounted to HK$347,800,000, represented approximately 32% of the Group's total assets. As at 31 March 2019, all of the Group's investment properties were stated at fair value based on valuations performed by independent qualified valuers (the "Valuers"). We identified the valuation of investment properties as a key audit matter due to the valuation are dependent on significant judgments and assumptions made by management.	Our procedures in relation to the valuation of investment properties included: – Evaluating the competency, capabilities and objectivity of the Valuers by taking into account of their experience and qualifications; – Assessing the appropriateness of the methodologies and the key assumptions used in the valuation in arriving at the fair value of investment properties; and – Assessing the reasonableness of key inputs used in the valuation by comparing with relevant market information with similar properties.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2018/19 annual report of the Company, but does not include 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 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.

The directors assisted by the Audit Committee 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. We report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981 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.

Independent Auditor's Report

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

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.

- 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.

Independent Auditor's Report

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

We communicate with the Audit Committee 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 the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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 the Audit Committee, 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.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

21 June 2019

Lam Yau Hing
Practising Certificate No.: P06622

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	Note	2019 HK$'000	2018 HK$'000 (Restated)
Turnover	7	**234,787**	248,614
Revenue	7	**81,205**	85,936
Costs of brokerage services		**(5,395)**	(10,610)
Other income	7	**22,637**	16,206
Administrative expenses		**(112,371)**	(92,386)
Selling and distribution expenses		**(4,478)**	(5,971)
Change in fair value of investment properties	16	**55,591**	–
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		**(22,522)**	(21,456)
Gain on disposal of financial assets at FVTPL		**3,903**	2,066
Impairment loss recognized in respect of intangible asset	17	**(3,386)**	–
Expected credit losses ("ECL")/Impairment loss recognized in respect of loan receivables	19	**(4,917)**	(2,914)
ECL/Impairment loss recognized in respect of accounts receivable	20	**(4,658)**	(2,337)
Reversal of ECL/impairment loss recognized in respect of loan receivables	19	**5,966**	1,135
Gain on disposal of subsidiaries	30	**–**	27,101
Finance costs	9	**(18,010)**	(14,118)
Loss before taxation	8	**(6,435)**	(17,348)
Income tax expense	10	**–**	–
Loss for the year		**(6,435)**	(17,348)
Other comprehensive (expense)/income			
Items that will be reclassified subsequently to profit or loss			
Fair value gain on available-for-sale financial assets		**–**	1,283
Items that will not be reclassified subsequently to profit or loss			
Fair value loss on financial assets at fair value through other comprehensive income ("FVOCI")		**(33,752)**	–
Total comprehensive expense for the year		**(40,187)**	(16,065)
Profit/(Loss) for the year attributable to:			
– Owners of the Company		**183**	(25,552)
– Non-controlling interests		**(6,618)**	8,204
		(6,435)	(17,348)
Total comprehensive (expense)/income for the year attributable to:			
– Owners of the Company		**(31,325)**	(24,349)
– Non-controlling interests		**(8,862)**	8,284
		(40,187)	(16,065)
Earnings/(Loss) per share			
– Basic	14	**HK0.0037 cents**	(HK0.53 cents)
– Diluted	14	**HK0.0035 cents**	(HK0.53 cents)

The notes on pages 69 to 156 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2019

	Note	31 March 2019 HK$'000	31 March 2018 HK$'000 (Restated)
ASSETS AND LIABILITIES			
Non-current assets			
Furniture and equipment	15	7,478	2,975
Investment properties	16	347,800	268,446
Intangible asset	17	–	3,386
Loan receivables	19	46,127	55,039
		401,405	329,846
Current assets			
Loan receivables	19	177,245	193,413
Accounts receivable	20	30,457	58,770
Promissory note receivables	21	18,600	76,697
Contract assets	22	997	–
Other receivables, deposits and prepayments	23	16,262	21,157
Financial assets at FVOCI/Available-for-sale financial assets	18	–	39,268
Financial assets at FVTPL	24	27,721	79,963
Derivative financial instruments	25	–	5,306
Client trust funds	26	90,781	109,056
Pledged bank deposits	27	5,000	6,310
Cash and cash equivalents	28	112,372	119,630
		479,435	709,570
Assets of disposal group classified as held for sale	29	210,304	–
		689,739	709,570
Total assets		1,091,144	1,039,416
Current liabilities			
Accounts payable	31	106,438	144,367
Contract liabilities	22	1,721	–
Other payables and accruals		12,819	8,549
Promissory note payables	32	63,840	140,810
Borrowings	33	134,228	145,242
Derivative financial instruments	25	–	5,306
		319,046	444,274
Liabilities of disposal group classified as held for sale	29	221,588	–
		540,634	444,274

Consolidated Statement of Financial Position

As at 31 March 2019

	Note	31 March 2019 HK$'000	31 March 2018 HK$'000 (Restated)
Net current assets		**149,105**	265,296
Total assets less current liabilities		**550,510**	595,142
Non-current liabilities			
Bond payable	34	**2,000**	2,000
Net assets		**548,510**	593,142
EQUITY			
Share capital	35	**50,951**	49,461
Reserves		**500,761**	546,571
Equity attributable to the owners of the Company		**551,712**	596,032
Non-controlling interests		**(3,202)**	(2,890)
Total equity		**548,510**	593,142

Ng Yiu Chuen
Executive Director

Mak Kit Ping
Executive Director

The notes on pages 69 to 156 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	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$'000	Reserve for available-for-sale financial assets* HK$'000	Accumulated losses* HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2017	47,848	172,723	7,480	571,147	536,152	–	(725,293)	610,057	(11,174)	598,883
Loss for the year	–	–	–	–	–	–	(25,552)	(25,552)	8,204	(17,348)
Other comprehensive income (restated (note 5))	–	–	–	–	–	1,203	–	1,203	80	1,283
Transactions with owners:										
Dividend recognized as distribution (note 13)	–	–	–	–	(5,811)	–	–	(5,811)	–	(5,811)
Exercise of bonus warrants (note 35)	1,613	14,522	–	–	–	–	–	16,135	–	16,135
Total transactions with owners	1,613	14,522	–	–	(5,811)	–	–	10,324	–	10,324
At 31 March 2018 (restated)	49,461	187,245	7,480	571,147	530,341	1,203	(750,845)	596,032	(2,890)	593,142

	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$'000**	**Reserve for available-for-sale financial assets* HK$'000**	**Fair value reserve* HK$'000**	**Accumulated losses* HK$'000**	**Sub-total HK$'000**	**Non-controlling interests HK$'000**	**Total HK$'000**
At 31 March 2018, as previously reported	49,461	187,245	7,480	571,147	530,341	33,734	–	(750,845)	628,563	(1,410)	627,153
Prior year adjustments (note 5)	–	–	–	–	–	(32,531)	–	–	(32,531)	(1,480)	(34,011)
At 1 April 2018 (restated)	49,461	187,245	7,480	571,147	530,341	1,203	–	(750,845)	596,032	(2,890)	593,142
Impact on initial application of HKFRS9 (note 3)	–	–	–	–	–	(1,203)	1,203	–	–	–	–
Adjusted balance at 1 April 2018	49,461	187,245	7,480	571,147	530,341	–	1,203	(750,845)	596,032	(2,890)	593,142
Profit/(Loss) for the year	–	–	–	–	–	–	–	183	183	(6,618)	(6,435)
Other comprehensive expense	–	–	–	–	–	–	(31,508)	–	(31,508)	(2,244)	(33,752)
Reclassification to accumulated losses upon disposal	–	–	–	–	–	–	28,000	(28,000)	–	–	–
Transactions with owners:											
Dividend recognized as distribution (Note 13)	–	–	–	–	(5,935)	–	–	–	(5,935)	–	(5,935)
Exercise of bonus warrants (note 35)	1,490	–	–	–	–	–	–	–	1,490	–	1,490
Deemed distribution to non-controlling interests (note 29)	–	–	–	–	–	–	–	(8,550)	(8,550)	8,550	–
Total transactions with owners	1,490	–	–	–	(5,935)	–	–	(8,550)	(12,995)	8,550	(4,445)
At 31 March 2019	**50,951**	**187,245**	**7,480**	**571,147**	**524,406**	**–**	**(2,305)**	**(787,212)**	**551,712**	**(3,202)**	**548,510**

* The reserves accounts comprise the Group's total reserves of HK$500,761,000 (2018: HK$546,571,000) in the consolidated statement of financial position.

The notes on pages 69 to 156 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
Cash flows from operating activities		
Loss before taxation	**(6,435)**	(17,348)
Adjustments for:		
Change in fair value of financial assets at FVTPL	**22,522**	21,456
Change in fair value of investment properties	**(55,591)**	–
Depreciation	**1,788**	1,423
Finance costs	**18,010**	14,118
ECL/Impairment loss recognized in respect of accounts receivable	**4,658**	2,337
ECL/Impairment loss recognized in respect of loan receivables	**4,917**	2,914
ECL/Impairment loss recognized in respect of other receivables	**248**	17
ECL/Impairment loss recognized in respect of promissory note receivables	**–**	1,269
Impairment loss recognized in respect of intangible asset	**3,386**	–
Bank interest income	**(187)**	(77)
Gain on disposal of subsidiaries	**–**	(27,101)
Gain on disposal of furniture and equipment	**–**	(40)
Written-off of furniture and equipment	**36**	–
Bad debts written-off	**2,187**	32
Reversal of ECL/impairment loss recognized in respect of accounts receivable	**(645)**	(122)
Reversal of ECL/impairment loss recognized in respect of loan receivables	**(5,966)**	(1,135)
Operating loss before working capital changes	**(11,072)**	(2,257)
Decrease/(Increase) in accounts receivable	**24,300**	(25,123)
Decrease/(Increase) in loan receivables	**23,942**	(31,707)
Increase in contract assets	**(997)**	–
Increase in other receivables, deposits, and prepayments	**(36,353)**	(3,489)
Decrease in derivative financial instruments	**–**	503
Decrease/(Increase) in financial assets at FVTPL	**8,860**	(17,231)
Decrease/(Increase) in client trust funds	**18,275**	(24,297)
(Decrease)/Increase in accounts payable	**(37,929)**	44,739
Increase in contract liabilities	**1,721**	–
Increase/(Decrease) in other payables and accruals	**7,030**	(1,330)
Decrease in promissory note receivables	**(70,800)**	(17,379)
Cash used in operations	**(73,023)**	(77,571)
Hong Kong profits tax refund	**–**	615
Net cash used in operating activities	**(73,023)**	(76,956)

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
Cash flows from investing activities		
Interest received	**187**	77
Proceeds from disposal of furniture and equipment	**–**	43
Payment to acquire furniture and equipment	**(7,551)**	(1,346)
Payment to acquire available-for-sale financial assets	**–**	(7,280)
Payment to acquire financial assets at FVOCI	**(850)**	–
Proceeds from disposal of financial assets at FVOCI	**1,800**	–
Proceeds from disposal of subsidiaries *(note 30)*	**–**	37,590
Payment for the redevelopment project	**(17,542)**	(22,446)
Net cash (used in)/from investing activities	**(23,956)**	6,638
Cash flows from financing activities		
Proceeds from bank and other borrowings	**57,205**	40,799
Repayment of bank borrowings	**(57,019)**	(12,304)
Interest paid	**(18,010)**	(13,611)
Proceeds from issuance of corporate bonds	**–**	2,000
Proceeds from issuance of promissory note payables	**214,753**	88,652
Repayment of promissory note payables	**(90,716)**	(102,135)
Decrease/(Increase) in pledged bank deposits	**1,310**	(37)
Dividends paid	**(5,935)**	(5,811)
Proceeds from issuance of share capital	**1,490**	16,135
Net cash from financing activities	**103,078**	13,688
Net increase/(decrease) in cash and cash equivalents	**6,099**	(56,630)
Cash and cash equivalents at beginning of year	**119,630**	176,260
Cash and cash equivalents of disposal group classified as held for sale (note 29)	**(13,357)**	–
Cash and cash equivalents at end of year (note 28)	**112,372**	119,630

The notes on pages 69 to 156 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

1. GENERAL INFORMATION

Styland Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company were 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. With effect from 15 July 2019, the address of the registered office of the Company was changed to Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

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

The Company act as an investment holding company. The principal activities of its subsidiaries are provision of financial services, mortgage financing, property development and investment and securities trading.

The consolidated financial statements for the year ended 31 March 2019 have been approved for issue by the board of directors (the "Board") on 21 June 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended HKFRSs and the impacts on the consolidated financial statements, if any, are disclosed in note 3.

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

– investment properties; and

– certain financial assets and liabilities

Non-current assets and disposal group held for sale are stated at the lower of carrying amount and fair value less costs to sell. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealized gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealized losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Basis of consolidation *(Continued)*

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests 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.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, the profit or loss on disposal 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. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to accumulated losses). 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 HKFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognized in the Company's profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognized in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the reporting date. Income and expenses have been converted into the Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognized in other comprehensive income and accumulated separately in the translation reserve in equity.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Furniture and equipment

Furniture and equipment are initially recognized at acquisition cost, including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. They are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

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

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2.5 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it was held under a finance lease.

On initial recognition, investment property is measured at cost and subsequently at fair value, unless its fair value cannot be reliably determined at that time.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Investment properties *(Continued)*

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognized at the reporting date reflect the prevailing market conditions at the reporting date.

Gains or losses arising from either changes in the fair value or the sale of an investment property are included in profit or loss in the period in which they arise.

2.6 Intangible asset

Intangible asset with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses and are tested for impairment as described below in note 2.15.

2.7 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets

Policy applicable from 1 April 2018

Classification and initial measurement of financial assets

Except for those accounts receivable that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost;
- FVTPL; or
- fair value through other comprehensive income ("FVOCI").

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Policy applicable from 1 April 2018 *(Continued)*

Classification and initial measurement of financial assets (Continued)

The classification is determined by both:

– the entity's business model for managing the financial asset; and

– the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, other income, revenue or administrative expenses, except for expected credit losses ("ECL") of accounts receivable and loan receivables which are presented as a separate line item in profit or loss.

Subsequent measurement of financial assets

Debt investments

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

– they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

– the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Policy applicable from 1 April 2018 *(Continued)*

Subsequent measurement of financial assets (Continued)

Debt investments (Continued)

Financial assets at amortized cost (Continued)

After initial recognition, these are measured at amortized cost using the effective interest method. Interest income from these financial assets is included in other income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, pledged bank deposits, client trust funds, accounts receivable, loan receivables, promissory note receivables and other receivables and deposits fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under HKFRS 9 apply.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income and accumulated in "Fair value reserve" in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer's perspective.

The equity instruments at FVOCI are not subject to impairment assessment. The cumulative gain or loss in "Fair value reserve" will not be reclassified to profit or loss upon disposal of the equity investments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "revenue" in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Policy applicable from 1 April 2018 *(Continued)*

Impairment of financial assets and contract assets

HKFRS 9's impairment requirements use more forward-looking information to recognize ECL – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortized cost, contract assets recognized and measured under HKFRS 15 and accounts receivable, loan receivables and promissory note receivables and loan commitments (for the issuer) that are not measured at FVTPL.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

– financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

– financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognized for the Stage 1 category while "lifetime ECL" are recognized for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Accounts receivable, loan receivables and contract assets

For accounts receivable, loan receivables and contract assets, the Group applies a simplified approach in calculating ECL and recognizes a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a probability-weighted loss default that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, accounts receivable, loan receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the accounts receivable for the same types of contracts. The Group has therefore concluded that the ECL rates for accounts receivable are a reasonable approximation of the loss rates for the contract assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Policy applicable from 1 April 2018 *(Continued)*

Impairment of financial assets and contract assets (Continued)

Other financial assets measured at amortized cost

The Group measures the loss allowance for promissory note receivables and other receivables and deposits equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor;

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Policy applicable from 1 April 2018 *(Continued)*

Impairment of financial assets and contract assets (Continued)

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Detailed analysis of the ECL assessment of accounts receivable, loan receivables, promissory note receivables, contract assets and other financial assets measured at amortized cost are set out in note 44.3.

Policy applicable before 1 April 2018

Financial assets are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories:

– financial assets at FVTPL

– loans and receivables

– available-for-sale financial assets

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

Regular way purchases of financial assets are recognized on trade date. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at FVTPL, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognized based on the classification of the financial asset.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Policy applicable before 1 April 2018 *(Continued)*

i) *Financial assets at FVTPL*

Financial assets at FVTPL includes financial assets held for trading.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognized in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognized in accordance with the Group's policies in note 2.14 to these consolidated financial statements.

ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Policy applicable before 1 April 2018 *(Continued)*

iii) Available-for-sale financial assets

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognized in other comprehensive income and accumulated separately in the available-for-sale financial assets revaluation reserve in equity, except for impairment losses (see the policy below) and foreign exchange gains and losses on monetary assets, until the financial asset is derecognized, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest method is recognized in profit or loss.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

Impairment of financial assets

At each reporting date, financial assets other than at FVTPL are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– Significant financial difficulty of the debtor;

– A breach of contract, such as a default or delinquency in interest or principal payments;

– It becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;

– The disappearance of an active market for that financial asset because of financial difficulties; and

– A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Policy applicable before 1 April 2018 *(Continued)*

Impairment of financial assets (Continued)

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognized as follows:

i) *Financial assets carried at amortized cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The amount of the loss is recognized in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal is recognized in profit or loss of the period in which the reversal occurs.

ii) *Available-for-sale financial assets carried at fair value*

When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognized in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognized in profit or loss.

Reversals in respect of investment in equity instruments classified as available-for-sale and stated at fair value are not recognized in the profit or loss. The subsequent increase in fair value is recognized in other comprehensive income. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognized. Reversal of impairment losses in such circumstances are recognized in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Policy applicable before 1 April 2018 *(Continued)*

Impairment of financial assets (Continued)

iii) Financial assets carried at cost

For financial assets carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of the impairment losses is recognized in profit or loss of the period in which the impairment occurs and not reversed in subsequent periods.

Impairment losses on financial assets other than financial assets at FVTPL, loan receivables, accounts receivable, promissory note receivables and other receivables and deposits that are stated at amortized cost, are written off against the corresponding assets directly. Where the recovery of loan receivables, accounts receivable, promissory note receivables and other receivables and deposits is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of loan receivables, accounts receivable, promissory note receivables and other receivables and deposits is remote, the amount considered irrecoverable is written off against loan receivables, accounts receivable, promissory note receivables and other receivables and deposits directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

Impairment losses recognized in an interim period in respect of available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of an annual period, or in a subsequent period, the increase is recognized in other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include accounts payable, promissory note payables borrowings, bond payable, derivative financial instruments and other payables and accruals.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognized in profit or loss.

i) *Bond payable, promissory note payables and borrowings*

Bond payable, promissory note payables and borrowings are recognized initially at fair value, net of transaction costs incurred. They are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and their redemption values are recognized in profit or loss over the period of the corporate bonds, promissory note payables and borrowings using the effective interest method.

Bond payable, promissory note payables and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

ii) *Accounts payable, other payables and accruals*

Accounts payable, other payables and accruals are recognized initially at their fair value and subsequently measured at amortized cost, using the effective interest method.

Derivatives financial instruments

Derivative financial instruments, in individual contracts or separated from hybrid financial instruments, are initially recognized at fair value on the date the derivative contract is entered into and subsequently remeasured at fair value. Derivatives that are not designated as hedging instruments are accounted for as financial assets or financial liabilities at FVTPL. Gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in 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 or less of maturity at acquisition. For the purpose of the consolidated statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.9 Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see note 2.14) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2.7 and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognized when the customer pays consideration before the Group recognizes the related revenue (see note 2.14). A contract liability would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2.10 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases except that property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease.

ii) Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the rental income.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Leases *(Continued)*

ii) Assets leased out under operating leases as the lessor *(Continued)*

Rental income receivable from operating leases is recognized in profit or loss on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

iii) Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight- line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets.

Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

2.11 Provisions and contingent liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.12 Share capital

Ordinary shares are classified as equity. The amount of share capital recognized is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction are deducted from the share premium.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Non-current assets, or disposal groups held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered principally through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Intangible asset and property, plant and equipment once classified as held for sale are not amortized or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale.

2.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable or represents amounts receivable for sales of goods and services provided in the normal course of business and the use of the Group's assets yielding interest, and dividends net of discounts.

To determine whether to recognize revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognizing revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Revenue recognition *(Continued)*

Revenue is recognized in the profit or loss on the following basis:

(a) commission and brokerage income from securities dealing is recognized on the trade date basis when relevant transactions are executed;

(b) interest income from a financial asset is recognized 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 time proportion 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;

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

(d) sponsor services are highly interdependent and interrelated, the Group treats all initial public offering sponsor services promised in the sponsor fee contract as a single performance obligation.

Sponsor fee income's performance obligation are satisfied over time as the Group considered that the Group's performance does not create an asset with an alternative use to the Group and the Group has a right to payment at an amount that reasonably compensates it for its performance completed to date at all times throughout the contract.

The Group measures the progress using the input method and estimates the percentage of completion by reference to the time cost incurred to date as compared to the total budgeted time cost for each project;

(e) financial advisory services is recognized progressively over time once the performance obligation fulfilled or at a point in time when the services is completed, according to the nature and terms of the contracts;

(f) placing and underwriting service income are recognized at a point in time when relevant services are rendered; and

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Impairment non-financial assets

The following assets are subject to impairment testing:

– Intangible asset;

– Furniture and equipment; and

– The Company's interests in subsidiaries

Intangible asset with indefinite useful life are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognized as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit ("**CGU**") level. License right is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the license right is monitored for internal management purpose and not be larger than an operating segment.

Impairment loss is charged pro rata to the assets in the CGU. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Employee benefits

Retirement benefits scheme

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the Mandatory Provident Fund Scheme (the "**MPF Scheme**"). Contributions are made based on a percentage of the employees' basic salaries.

Payments to the MPF Scheme are recognized as expense when employees have rendered service entitling them to the contributions.

The Group's obligations under MPF Scheme are limited to the fixed percentage contributions payable.

Short-term employee benefits

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognized until the time of leave.

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 recognized 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.

2.17 Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalized as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date 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 recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profits, including existing taxable temporary difference, will be available against which the deductible temporary differences, unused tax losses and unused tax credits, can be utilized.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

For investment property measured using the fair value model in accordance with the accounting policy above, the measurement of the related deferred tax liability or asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale, unless 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.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realized, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognized in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Accounting for income taxes *(Continued)*

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (1) when the existing temporary differences will reverse and (2) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

– income or loss excluding reversals of temporary differences; and

– reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognized amounts; and

(b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.19 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

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

(ii) has significant influence over the Group; or

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Related parties *(Continued)*

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Group are members of the same group.

(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) the entity and the Group 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 (if the Group is itself such a plan) and the sponsoring employers are also 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 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Fair value measurements

For the purposes of financial reporting, fair value measurement is categorised into Level 1, 2 and 3 of the three level fair value hierarchy as defined under the HKFRS 13. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations:	Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 valuations:	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 valuations:	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).

2.21 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 executive directors that makes strategic decisions.

3. NEW AND AMENDED HKFRSs

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

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning from 1 April 2018:

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. NEW AND AMENDED HKFRSs *(Continued)*

3.1 New and amended HKFRSs that are effective for annual periods beginning from 1 April 2018 *(Continued)*

HKFRS 9 "Financial instruments"

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

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

The adoption of HKFRS 9 has impacted the following areas:

- equity securities classified as investment held for trading carried at fair value as disclosed in note 24 which are held within a business model whose objective is achieved by selling the equity securities will continue to be measured at FVTPL.

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

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

- in relation to the impairment of financial assets, HKFRS 9 requires an ECL model, which will be applied to the Group's financial assets measured at amortized costs and contract assets. The ECL model requires an entity to account for ECL and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity is required to recognize and measure either a 12-month ECL or a lifetime ECL, depending on the asset and the facts and circumstances.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. NEW AND AMENDED HKFRSs *(Continued)*

3.1 New and amended HKFRSs that are effective for annual periods beginning from 1 April 2018 *(Continued)*

HKFRS 9 "Financial instruments" *(Continued)*

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. NEW AND AMENDED HKFRSS (CONTINUED)

3.1 New and amended HKFRSs that are effective for annual periods beginning from 1 April 2018 *(Continued)*

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 "Revenue from Contracts with Customers" and the related "Clarifications to HKFRS 15 Revenue from Contracts with Customers" (hereinafter referred to as "HKFRS 15") replaced HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations.

HKFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognized.

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

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

3.2 Issued but not yet effective HKFRSs

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. NEW AND AMENDED HKFRSs *(Continued)*

3.2 Issued but not yet effective HKFRSs *(Continued)*

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

HKFRS 16 "Leases"

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

Upon the adoption of HKFRS 16, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease, the lessee will recognize and measure a lease liability at the present value of the minimum future lease payments and will recognize a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee would recognize interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognizing rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e., where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognized on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases of land and buildings which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

3. NEW AND AMENDED HKFRSs *(Continued)*

3.2 Issued but not yet effective HKFRSs *(Continued)*

HKFRS 16 "Leases" *(Continued)*

As disclosed in note 38, as at 31 March 2019, the Group's future minimum lease payments under non-cancellable operating leases amounted to HK$18,346,000 for land and buildings, the majority of which is payable within 5 years after the reporting date. Upon the initial application of HKFRS 16 at 1 April 2019, the Group plans to measure the rights-of-use assets at an amount equal to the lease liability (subject to certain adjustments) and the opening balances of lease liabilities and the corresponding right-of-use assets will both be adjusted to HK$16,605,000 respectively, after taking account the effects of discounting, as at 1 April 2019.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 2, 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.

4.1 Sources of estimation uncertainty

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

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 2019 was approximately HK$7,478,000 (2018: HK$2,975,000). 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 available for 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 for the year and the future period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.1 Sources of estimation uncertainty *(Continued)*

Estimated fair value

Some of the Group's assets are measured at fair value for financial reporting purposes. The management would determine 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 may engage 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.

As at 31 March 2019, the Group's investment properties are stated at fair value of HK$347,800,000 (2018: HK$268,446,000) based on the valuations performed by independent qualified valuers. The best evidence of fair value is current prices in an active market for similar property in the same location and condition and subject to the same lease or other contracts. In the absence of such information, the valuers determine the fair values of investment properties with different valuation techniques which involves significant unobservable inputs, details of which are as set out in note 16. Favorable or unfavorable changes to these significant unobservable inputs 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 the consolidated statement of profit or loss and other comprehensive income.

Impairment of license right

In determining whether license right is impaired requires an estimation of the value in use of the CGUs to which license right has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2019 impairment loss of HK$3,386,000 (2018: HK$Nil) has been recognized for license right. The carrying amount as at 31 March 2019 was HK$Nil (2018: HK$3,386,000). Details of the impairment testing on license right are set out in note 17.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(Continued)

4.2 Critical judgements in applying the Group's accounting policies

ECL on financial assets and contract assets

Since the initial application of HKFRS 9, the Group makes allowances on items subjects to ECL (including accounts receivable, contract assets, loan receivables, promissory note receivables and other financial assets) based on assumptions in determining the probability of default and loss given defaults. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, collateral as well as forward looking estimates at the end of each reporting period as set out in note 2.7.

As at 31 March 2019, the carrying amount of accounts receivable is approximately HK$30,457,000 (net of ECL allowance of approximately HK$9,239,000), the carrying amount of contract assets is approximately HK$997,000 (net of ECL allowance of HK$Nil), the carrying amount of loan receivables is approximately HK$223,372,000 (net of ECL allowance of approximately HK$25,614,000) and the carrying amount of promissory note receivables is approximately HK$18,600,000 (net of ECL allowance of HK$Nil).

Before the adoption of HKFRS 9, management regularly assess the recoverability of the receivables. Appropriate impairment for estimated irrecoverable amounts is recognized in the consolidated statement of comprehensive income 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 recognized 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/clients of the Group were to deteriorate, resulting in impairment of their ability to make payments, additional impairment may be required.

As at 31 March 2018, the carrying amount of accounts receivable is approximately HK$58,770,000 (net of accumulated impairment losses of approximately HK$5,226,000); the carrying amount of loan receivables is approximately HK$248,452,000 (net of accumulated impairment losses of approximately HK$40,145,000); and the carrying amount of promissory note receivables is approximately HK$76,697,000 (net of accumulated impairment losses of approximately HK$1,657,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

5. PRIOR YEAR ADJUSTMENTS

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

As at 31 March 2018, the Group's investment in an unlisted equity fund (the "Equity Fund") which was classified as available-for-sale financial assets and carried at fair value with its fair value change recognized in other comprehensive income. The Equity Fund's portfolio of investments mainly comprised of listed and unlisted equity securities. The Equity Fund does not have a quoted market price in an active market. The fair value of the Equity Fund as at 31 March 2018 was determined by the directors with reference to the portfolio of investments held by the Equity Fund, including the valuation reports of the unlisted equity securities held by Equity Fund performed by an independent valuer as at 31 December 2017.

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

5. PRIOR YEAR ADJUSTMENTS *(Continued)*

Consolidated statement of financial position as at 31 March 2018:

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

6. SEGMENT INFORMATION

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

For the year ended 31 March 2019

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 March 2018

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

The accounting policies of the reportable segments described in note 2.21 are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of unallocated administrative expenses, unallocated sundry income, unallocated directors' remunerations, bank interest income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment revenue are charged at prevailing market rates.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

As at 31 March 2019

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

As at 31 March 2018

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

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

– all assets are allocated to reportable segments other than pledged bank deposits, cash and cash equivalents, unallocated furniture and equipment, and unallocated other receivables, deposits and prepayments; and

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

6. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 March 2019

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

6. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 March 2018

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

6. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located in Hong Kong. All of the Group's non-current assets (excluding loan receivables) are located in Hong Kong. In addition, all of the Group's revenue during the years ended 31 March 2019 and 2018 were derived from Hong Kong.

Information about major customers

During the year ended 31 March 2019, no customer individually contributes over 10% of the Group's revenue (2018: During the year ended 31 March 2018, HK$9,348,000 or 11% of the Group's revenue received from a single customer in the financial services segment).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

7. TURNOVER, REVENUE AND OTHER INCOME

Turnover represents the amounts received and receivable from 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. Details of the Group's turnover, revenue and other income are analysed as follows:

	2019 HK$'000	2018 HK$'000
Turnover and revenue		
Fees and commission income from brokerage and corporate finance	**26,933**	31,202
Interest income from margin and other financing	**30,508**	26,172
Interest income from mortgage financing	**23,490**	27,327
Dividend income	**274**	304
Rental income	**–**	931
Revenue for the year	**81,205**	85,936
Proceeds from trading of securities	**153,582**	162,678
Turnover for the year	**234,787**	248,614
Other income		
Arrangement fee income	**5,441**	4,882
Bank interest income	**187**	77
Bad debt recovery from loan receivables	**282**	96
Consultancy fee income	**342**	3,031
Coordination fee income	**2,665**	1,688
Gain on disposal of furniture and equipment	**–**	40
Gain on exchange difference, net	**1,592**	–
Management fee income	**2,599**	322
Penalty interest income	**390**	901
Reversal of ECL/impairment loss recognized in respect of accounts receivable	**645**	122
Service fee income	**6,054**	–
Subscription fee income	**–**	3,011
Sundry income	**2,440**	2,036
	22,637	16,206

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

7. TURNOVER, REVENUE AND OTHER INCOME *(Continued)*

Disaggregation of revenue from contracts with customers

During the year ended 31 March 2019, the Group derives revenue recognized over time and at a point in time from its fees and commission income from brokerage and corporate finance as follows:

	2019 HK$'000
Timing of revenue recognition	
– At a point in time	19,003
– Over time	7,930
	26,933

8. LOSS BEFORE TAXATION

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

9. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on:		
– secured bank loans	**5,537**	4,674
– bank overdraft	**3**	69
– promissory note payables	**13,601**	9,190
– other secured loans	**1,737**	1,854
	20,878	15,787
Less: Loan interest capitalized	**(2,868)**	(1,669)
	18,010	14,118

10. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the consolidated financial statements for the year ended 31 March 2019 (2018: Nil) as the Company and its subsidiaries either has available losses brought forward from prior years to offset the assessable profits generated during both years or did not generate any assessable profits arising in Hong Kong during both years.

Reconciliation between tax expense and accounting loss at applicable tax rates:

	2019 HK$'000	2018 HK$'000
Loss before taxation	**(6,435)**	(17,348)
Tax at applicable income tax rate	**(1,062)**	(2,862)
Tax effect of expenses not deductible for tax purpose	**8,235**	682
Tax effect of income not taxable for tax purpose	**(9,842)**	(5,615)
Tax effect of temporary differences not recognized	**(329)**	(18)
Tax effect of tax losses not recognized	**6,125**	10,215
Utilisation of tax loss previously not recognized	**(3,127)**	(2,402)
Income tax expense for the year	**–**	–

As at 31 March 2019, the Group has unused tax losses of approximately HK$388,336,000 (2018: HK$390,201,000) available for offset against future profits. No deferred tax asset has been recognized of such losses due to the unpredictability of future profit streams for certain of subsidiaries. The tax losses are subject to the agreement from the Hong Kong Inland Revenue Department and may be carried forward indefinitely.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Year ended 31 March 2019	Fees HK$'000	Other emoluments Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Name of Director					
Executive Directors					
Cheung Hoo Win (*Chief Executive Officer*)	–	578	72	18	668
Ng Yiu Chuen	–	988	205	18	1,211
Mak Kit Ping	–	1,045	–	45	1,090
Zhang Yuyan	–	150	–	–	150
Chen Lili	–	120	–	–	120
Independent Non-Executive Directors ("INEDs")					
Zhao Qingji (*Chairman*)	200	–	–	–	200
Yeung Shun Kee	100	–	–	–	100
Li Hancheng	100	–	–	–	100
Lo Tsz Fung Philip	150	–	–	–	150
Lee Kwok Yin Denthur	100	–	–	–	100
	650	2,881	277	81	3,889

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

Year ended 31 March 2018	Fees	Other emoluments			Total
		Salaries, allowances and other benefits	Discretionary bonus	Retirement benefit scheme contributions	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Name of Director					
Executive Directors					
Cheung Hoo Win *(Chief Executive Officer)*	–	538	90	18	646
Ng Yiu Chuen	–	960	315	18	1,293
Mak Kit Ping	–	980	140	42	1,162
Zhang Yuyan	–	150	–	–	150
Chen Lili	–	120	–	–	120
INEDs					
Zhao Qingji *(Chairman)*	200	–	–	–	200
Yeung Shun Kee	100	–	–	–	100
Li Hancheng	100	–	–	–	100
Lo Tsz Fung Philip	149	–	–	–	149
Lee Kwok Yin Denthur	100	–	–	–	100
	649	2,748	545	78	4,020

No emoluments were paid by the Group to any directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2018: Nil).

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2018: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

12. EMPLOYEES' EMOLUMENTS

During the year ended 31 March 2019, no director of the Company was the five highest paid individuals (2018: one), whose emoluments have been included in note 11 above. The emolument's of the five (2018: four) individuals for the years ended 31 March 2019 and 2018 were as follows:

	2019 **HK$'000**	2018 HK$'000
Salaries, allowances and other benefits	**18,025**	16,058
Retirement benefit scheme contributions	**88**	71
	18,113	16,129

No emoluments were paid by the Group 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 year (2018: Nil).

The emoluments fall within the following bands:

	Number of employees	
	2019	2018
Emolument bands:		
HK$2,000,001 to HK$2,500,000	**1**	2
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,500,001 to HK$4,000,000	**1**	–
HK$4,000,001 to HK$4,500,000	**–**	1
HK$4,500,001 to HK$5,000,000	**2**	–
HK$7,000,001 to HK$7,500,000	**–**	1
	5	4

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

13. DIVIDENDS

	2019 HK$'000	2018 HK$'000
Dividends recognized as distribution during the year:		
2018 interim dividend – HK0.12 cents per share	–	5,811
2018 final dividend – HK0.12 cents per share	5,935	–
	5,935	5,811

14. EARNINGS/(LOSS) PER SHARE

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

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

Diluted loss per share for the year ended 31 March 2018 was the same as basic loss per share. The computation of diluted loss per share had not assumed the conversion of the Company's outstanding warrants (note 35) since the conversion would result in a decrease in loss per share.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

15. FURNITURE AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 April 2018	4,586	8,780	2,177	15,543
Additions	5,916	799	836	7,551
Written off	(2,568)	(102)	–	(2,670)
Transferred to disposal group classified as held for sale (note 29)	(1,274)	(172)	–	(1,446)
At 31 March 2019	**6,660**	**9,305**	**3,013**	**18,978**
Accumulated Depreciation				
At 1 April 2018	4,272	6,690	1,606	12,568
Charge for the year	471	848	469	1,788
Written off	(2,535)	(99)	–	(2,634)
Transferred to disposal group classified as held for sale (note 29)	(176)	(46)	–	(222)
At 31 March 2019	**2,032**	**7,393**	**2,075**	**11,500**
Net book value				
At 31 March 2019	**4,628**	**1,912**	**938**	**7,478**
Cost				
At 1 April 2017	4,323	7,774	2,746	14,843
Additions	263	1,083	–	1,346
Disposal	–	(36)	(569)	(605)
Disposal of a subsidiary (note 30)	–	(41)	–	(41)
At 31 March 2018	4,586	8,780	2,177	15,543
Accumulated Depreciation				
At 1 April 2017	3,987	5,967	1,795	11,749
Charge for the year	285	758	380	1,423
Eliminated on disposal	–	(33)	(569)	(602)
Disposal of a subsidiary (note 30)	–	(2)	–	(2)
At 31 March 2018	4,272	6,690	1,606	12,568
Net book value				
At 31 March 2018	314	2,090	571	2,975

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

16. INVESTMENT PROPERTIES

	2019 HK$'000	2018 HK$'000
At 1 April	**268,446**	246,000
Subsequent expenditures capitalized	**20,895**	20,777
Finance costs capitalized (note 9)	**2,868**	1,669
Changes in fair value recognized in profit or loss	**55,591**	–
At 31 March	**347,800**	268,446
Represents:		
Investment properties		
– Under construction	**303,000**	221,446
– In use	**44,800**	47,000
	347,800	268,446

The investment properties are situated in Hong Kong held under medium-term leases.

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

At the end of the reporting period, the Group's investment properties of approximately HK$347,800,000 (2018: HK$268,446,000) have been pledged to secure the loans granted to the Group (note 33).

The fair value of the investment property in use as at 31 March 2019 was revalued by Vigers Appraisal & Consulting Limited (2018: Jones Lang LaSalle Limited), the independent qualified valuers 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 property.

The fair value of the investment property under construction as at 31 March 2019 and 2018 was revalued by Jones Lang LaSalle Limited by using the residual approach with reference to estimated sales prices of similar completed property allowing for the outstanding development cost, primarily construction cost to complete. The estimated sales prices were determined based on the direct comparison approach by making reference to comparable sales transactions as available in the relevant market with appropriate adjustments on differences in location, size and other characters between the comparable properties and the subject property.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

16. INVESTMENT PROPERTIES *(Continued)*

The adjustment on unit price of the investment properties based on location, size and other characters are considered as key unobservable inputs. If it had been 1% higher/lower and all other variables were held constant, the fair value of the investment properties and the Group's post-tax profit for the year ended 31 March 2019 would increase/decrease by HK$5,800,000.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use and is categorised as Level 3 of the three-level fair value hierarchy as defined under HKFRS 13.

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

17. INTANGIBLE ASSET

	HK$'000
Cost and carrying values at 1 April 2017 and 31 March 2018 and 1 April 2018	3,386
Impairment loss	(3,386)
At 31 March 2019	**–**

The intangible asset represents a license right acquired as part of a business combination of Ever-Long Capital Management Limited. The license carries a right to conduct asset management business in Hong Kong, and has no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the license right is considered by the management of the Group as having an indefinite useful life and is not amortized. It is tested for impairment annually and whenever there is an indication that it may be impaired.

During the year ended 31 March 2019, the directors of the Company conducted a review of the Group's license right and determined that the recoverable amount of license right is less than its carrying amount which is resulted from the unstable financial market. Accordingly, impairment loss of HK$3,386,000 was recognized during the year ended 31 March 2019 (2018: Nil).

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 without any growth rate, and the discount rate of 19.64% per annum (2018: 19.64% per annum) was used as the cash-generating units estimated a cash outflows during the 5-year period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

18. FINANCIAL ASSETS AT FVOCI/AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2019 HK$'000	2018 HK$'000 (Restated)
At 1 April	**39,268**	5,000
Additions to unlisted equity securities	**1,250**	780
Additions to unlisted Equity Fund	**–**	32,205
Changes in fair value	**(33,752)**	1,283
Disposal	**(6,000)**	–
Reclassified to assets of disposal group held for sale (note 29)	**(766)**	–
At 31 March	**–**	39,268
Represents:		
Unlisted investments		
– Fair value/Cost of unlisted equity securities (note a)	**–**	4,637
– Impairment losses for equity securities carried at costs	**–**	(3,857)
– Equity Fund at fair value (note b)	**–**	38,488
	–	39,268

Notes:

a. As at 31 March 2019, the investment in unlisted equity securities represent equity interest in a private entity (2018: two) that offers the Group the opportunity for return through dividend income. The Group designated the unlisted investment as financial assets at FVOCI upon the initial application of HKFRS 9. As at 31 March 2019, the investment in unlisted security is measured at fair value.

The fair value of unlisted equity investment is determined using the net assets value approach of the entity. The effects of unobservable inputs are not significant.

As at 31 March 2018, the investment in unlisted securities are measured at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably.

As at 31 March 2018, as a result of its decrease in the recoverable amounts, an impairment loss of approximately HK$3,857,000 in respect of available-for-sale financial assets carried at cost had been recognized.

b. As at 31 March 2018, the investment in Equity Fund was measured at fair value. The fair value changes of HK$1,283,000 during the year ended 31 March 2018 has been recognized in other comprehensive income. The fair value of the Equity Fund was determined by an independent valuer using market approach through the prior transaction method with adjustment in market change between the transaction date and the valuation date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

19. LOAN RECEIVABLES

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

Securities dealing and brokerage services:

Loan receivables under secured margin loans of approximately HK$69,212,000 (2018: HK$89,324,000) are repayable on demand and bear interests at interest rates with reference to prime rate plus a spread for both years.

The amount of credit facilities granted to clients is determined by reference to the market value of the collateral securities held by the Group. As at 31 March 2019, the total market value of securities pledged as collateral in respect of the loans to clients was approximately HK$157,242,000 (2018: HK$145,393,000).

Financing business:

Loan receivables bear interests at interest rates with reference to commercial rates. Loan receivables which would be received over one year were recorded as non-current receivables. As at 31 March 2019, the total market value of properties pledged as collateral in respect of the mortgage loans was approximately HK$411,603,000 (2018: HK$474,932,000).

As at 31 March 2019, the secured loans were secured by borrower's securities accounts with market value of approximately HK$37,511,000 (2018: HK$42,224,000) as collateral.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

19. LOAN RECEIVABLES *(Continued)*

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

	2019 HK$'000	2018 HK$'000
Within 6 months	82,356	128,654
Over 6 months and up to 1 year	38,816	28,127
Over 1 year	48,290	30,263
	169,462	187,044

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

	2019 HK$'000	2018 HK$'000
On demand or within 1 year	123,335	132,005
In more than 1 year but not more than 5 years	7,201	24,705
Over 5 years	38,926	30,334
	169,462	187,044

The movement in the ECL allowance/accumulated impairment losses of loan receivables is as follows:

	Financing business		Margin clients		Total	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
At 1 April	12,229	15,773	27,916	26,498	40,145	42,271
ECL/Impairment loss recognized for the year	2,600	725	2,317	2,189	4,917	2,914
Reversal of ECL/impairment loss recognized for the year	(4,517)	(364)	(1,449)	(771)	(5,966)	(1,135)
Written-off	–	(3,616)	(13,482)	–	(13,482)	(3,616)
Eliminated on disposal of subsidiaries (note 30)	–	(289)	–	–	–	(289)
At 31 March	10,312	12,229	15,302	27,916	25,614	40,145

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

20. ACCOUNTS RECEIVABLE

	2019 HK$'000	2018 HK$'000
Accounts receivable	**39,696**	63,996
Less: ECL allowance/accumulated impairment losses	**(9,239)**	(5,226)
	30,457	58,770

	2019 HK$'000	2018 HK$'000
Balance in relation to:		
– Securities dealing and brokerage services	**30,307**	53,851
– Others	**150**	4,919
	30,457	58,770

The general settlement terms of accounts receivable attributable to the securities dealing and the brokerage services are two days after the trade date.

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

	2019 HK$'000	2018 HK$'000
Within 6 months	**22,352**	51,864
Over 6 months but within 1 year	**3,402**	1,269
Over 1 year	**4,703**	5,637
	30,457	58,770

As at 31 March 2019, the Group held listed securities in client accounts with market value of approximately HK$95,098,000 (2018: HK$102,481,000) as collateral over secured balances of HK$19,677,000 (2018: HK$29,748,000).

The directors of the Company consider that the fair values of accounts receivable which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

20. ACCOUNTS RECEIVABLE *(Continued)*

The movement in the ECL allowance/accumulated impairment losses of accounts receivable is as follows:

	2019 HK$'000	2018 HK$'000
At 1 April	**5,226**	3,011
Impairment loss recognized for the year	**4,658**	2,337
Reversal of impairment loss recognized for the year	**(645)**	(122)
At 31 March	**9,239**	5,226

21. PROMISSORY NOTE RECEIVABLES

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

As at 31 March 2019, the promissory note receivables bore interest at the rate of 8% (2018: 8% – 36%) per annum and are repayable within one year.

The directors of the Company consider that the fair values of promissory note receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

22. CONTRACT ASSETS/CONTRACT LIABILITIES

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

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

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

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

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 HK$'000	2018 HK$'000
Deposits	6,946	5,502
Prepayments	1,794	890
Interest receivables	2,431	5,823
Other receivables	6,255	10,069
	17,426	22,284
Less: ECL allowance/Allowance for impairment losses	(1,164)	(1,127)
	16,262	21,157

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

The movement in the ECL allowance/allowance for impairment losses of other receivables and deposits is as follows:

	2019 HK$'000	2018 HK$'000
At 1 April	**1,127**	1,320
ECL/Impairment loss recognized for the year	**248**	17
Written-off	**(211)**	(210)
At 31 March	**1,164**	1,127

The directors of the Company consider that the fair values of other receivables, deposits and prepayments which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

24. FINANCIAL ASSETS AT FVTPL

	2019 HK$'000	2018 HK$'000
Securities held-for-trading:		
– Listed equity securities – Hong Kong	**27,721**	53,286
– Listed securities – overseas	**–**	20,427
– Unlisted equity securities – Hong Kong	**–**	6,250
	27,721	79,963

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

The fair values of the unlisted equity securities are determined based on the recent agreed transaction prices.

As at 31 March 2019, listed equity securities of HK$6,421,000 (2018: HK$3,485,000) have been pledged to a bank as security for the banking facilities granted to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

25. DERIVATIVE FINANCIAL INSTRUMENTS

	2019 HK$'000	2018 HK$'000
Assets:		
– collar options	**–**	5,306
Liabilities:		
– collar options	**–**	(5,306)
Unrealized fair value gain	**–**	–

The fair values of the collar options were determined by Black Scholes Option Pricing Model by recognized valuation specialist using observable market prices of underlying security, risk-free interest rate corresponding to the maturity of the contracts and expected volatility of security price.

26. CLIENT TRUST FUNDS

The Group maintains segregated trust accounts with authorized financial 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 recognized the corresponding accounts payable to respective clients on the basis that it is liable for any loss or misappropriation of clients' monies. The Group is restricted to use the clients' monies to settle its own obligations.

Client trust funds are interest-bearing at bank deposit savings rate (2018: bank deposit savings rate).

As at the reporting date, details of the Group's client trust funds that are not denominated in the functional currency of the respective subsidiaries are as follows:

	2019 HK$'000	2018 HK$'000
United States dollar ("USD")	**23,519**	22,694
Renminbi ("RMB")	**525**	1,118
New Taiwanese dollar ("NTD")	**3,496**	7,011

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

27. PLEDGED BANK DEPOSITS

The pledged bank deposits carry fixed interest rates ranging from 0.58% to 1.75% (2018: 0.58% to 3.20%) per annum and have been pledged to banks to secure overdraft banking facilities granted to the Group.

28. CASH AND CASH EQUIVALENTS

	2019 HK$'000	2018 HK$'000
Cash at bank	112,251	119,598
Cash in hand	121	32
	112,372	119,630

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

As at the reporting date, the Group's cash and cash equivalents that are not denominated in the functional currency of the respective subsidiaries are as follows:

	2019 HK$'000	2018 HK$'000
RMB	3,166	3,008
Singapore dollar ("SGD")	–	195
NTD	1,400	204
USD	10,292	11,693

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

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

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

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

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

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

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

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

	2019 **HK$'000**
Furniture and equipment (note 15)	**1,224**
Promissory note receivables	**128,897**
Financial assets at FVTPL	**20,860**
Financial assets at FVOCI	**766**
Other receivables, deposits and prepayments	**45,200**
Cash and cash equivalents	**13,357**
Assets of disposal group held for sale	**210,304**
Other payables and accruals	**9,381**
Borrowings	**11,200**
Promissory note payables	**201,007**
Liabilities of disposal group held for sale	**221,588**
Net liabilities of disposal group held for sale	**11,284**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

30. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Full Bright Global Limited and its subsidiary ("Full Bright Group")

The Group entered into a sales and purchases agreement on 22 May 2017 to dispose of its wholly owned subsidiary, Full Bright Global Limited, which was the holding company of Treasure Profit Limited at a gross consideration of HK$108,000,000. The disposal was completed on 31 July 2017. The net proceeds, after deducting liabilities and transaction costs, received by the Group was approximately HK$37,915,000.

The assets and liabilities of Full Bright Group as at 31 March 2017 were classified as held for sale. The major classes of assets and liabilities of Full Bright Group as at the date of disposal were as follows:

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

30. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of Brighten Finance Limited

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

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

	HK$'000
Net liabilities disposed of:	
Furniture and equipment (note 15)	39
Loan receivables	28,658
Other receivables	421
Amount due from the immediate holding company	10
Cash and cash equivalents	325
Amount due to a fellow subsidiary	(29,846)
Other payables	(13)
	(406)
Gain on disposal of subsidiary:	
Non-cash consideration received	22,500
Net liabilities disposed of	406
Fair value of equity interest retained by the Group	7,500
	30,406
Analysis of net cash flow on disposal:	
Cash consideration received	–
Cash and cash equivalents disposed of	(325)
	(325)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

31. ACCOUNTS PAYABLE

Accounts payable are in relation to the securities dealing and brokerage services and are repayable on demand. No aging analysis is disclosed as, in the opinion of the directors, an aging analysis does not give additional value in view of the nature of the business of securities dealing and brokerage services.

As at the reporting date, accounts payable are interest-bearing at the bank deposit savings rate (2018: bank deposit savings rate) per annum.

As at the reporting date, the Group's accounts payable that are not denominated in the functional currency of the respective subsidiaries are as follows:

	2019 HK$'000	2018 HK$'000
USD	32,013	22,694
RMB	531	1,118
NTD	3,496	7,011

32. PROMISSORY NOTE PAYABLES

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

33. BORROWINGS

	2019 HK$'000	2018 HK$'000
Borrowings comprise:		
– secured bank loans (note a)	129,428	115,242
– other secured loans (note b)	4,800	30,000
	134,228	145,242

As at the reporting date, the Group's borrowings were either repayable within one year or repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

33. BORROWINGS *(Continued)*

Notes:

(a) As at 31 March 2019, the bank loans of HK$49,650,000 (2018: HK$49,650,000) and HK$65,337,000 (2018: HK$50,382,000) are interest bearing at 2.875% per annum over Hong Kong Interbank Offered Rate ("HIBOR") and 3.05% per annum over HIBOR respectively (2018: 2.875% per annum over HIBOR and 3.05% per annum over HIBOR), and are secured by:

- an investment property (note 16) of the Group with a carrying value of HK$303,000,000 (2018: HK$221,446,000);
- shares of Devonia Development Limited, a subsidiary of the Group; and
- corporate guarantee from the Company.

As at 31 March 2019, the bank loan amounted to HK$14,441,000 (2018: HK$15,210,000) is interest bearing at floating rate of 2.75% per annum below Hong Kong Dollar Best Lending Rate (2018: 2.75% per annum below Hong Kong Dollar Best Lending Rate) as determined by the bank and secured by an investment property (note 16) of the Group with a carrying value of HK$44,800,000 (2018: HK$47,000,000) and the Company's corporate guarantee.

(b) As at 31 March 2019, other secured loans are interest-bearing at 10% per annum (2018: 7.5% per annum) and secured by sub-charges/sub-mortgages on the first legal charges/mortgages of properties charged/mortgaged to the loan receivables of the Group.

34. BOND PAYABLE

The Group employs corporate bonds as one of its sources of financing. On 1 December 2017, a subsidiary of the Company issued a three-year corporate bond of HK$2,000,000 at par with coupon rate of 8% per annum and will be matured on 1 December 2020. The bond is secured by the Company's corporate guarantee.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

35. SHARE CAPITAL

	Number of shares		Amount	
	2019	2018	**2019 HK$'000**	2018 HK$'000
Authorized:				
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	**4,946,132,082**	4,784,784,588	**49,461**	47,848
Shares issued in respect of warrants (note)	**148,931,567**	161,347,494	**1,490**	1,613
At 31 March	**5,095,063,649**	4,946,132,082	**50,951**	49,461

Note:

Shares issued in respect of warrants – 2016

On 13 December 2016, the Board proposed an issue of bonus warrants to the shareholders of the Company 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. 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 under the Bonus Issue of Warrants – 2016. As at 31 March 2017, 928,427,512 units of warrants remained outstanding.

During the period from 1 April 2017 to 13 February 2018, 161,347,494 units of warrants under the Bonus Issue of Warrants – 2016 had been exercised by the holders thereof. As a result, 161,347,494 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$14,522,000. The 161,347,494 shares issued rank pari passu in all respects with the then existing Shares. As at 13 February 2018, 767,080,018 units of warrants were not yet exercised and had lapsed accordingly.

Shares issued in respect of warrants – 2018

On 15 August 2018, the Board proposed a new issue of bonus warrants to the shareholders of the Company on the basis of 1 warrant for every 5 shares (the "Bonus Issue of Warrants – 2018). For details of the Bonus Issue of Warrants – 2018, please refer to the announcement of the Company dated 15 August 2018. On 24 September 2018, the shareholders approved the Bonus Issue of Warrants – 2018, pursuant to which 989,226,416 warrants were issued. The initial subscription price was HK$0.01 per share, and the subscription period is from 6 November 2018 to 5 November 2019 (both days inclusive).

During the period from 6 November 2018 to 31 March 2019, 148,931,567 units of warrants under the Bonus Issue of Warrants – 2018 had been exercised by the holders thereof. As a result, 148,931,567 shares were issued and allotted by the Company to the holders of such warrants. The 148,931,567 shares issued rank pari passu in all respects with the then existing Shares. As at 31 March 2019, 840,294,849 units of warrants remained outstanding.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

36. 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 annual general meeting of the Company held on the Adoption Date, the total maximum number of shares (the "Scheme Limit") 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. At the annual general meeting held on 15 September 2017, shareholders of the Company approved to refresh the Scheme Limit. As a result, the new Scheme Limit has been increased to 482,125,176 shares.

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, the exercise price 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.

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

There was no option granted, exercised, cancelled or lapsed during the year ended 31 March 2019 under the Scheme (2018: Nil). As at 31 March 2019, the Company had no outstanding share options (2018: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

37. 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 recognized as distribution.

38. 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 leased land and buildings which are payable as follows:

	2019 **HK$'000**	2018 HK$'000
Within one year	**7,990**	6,004
In the second to fifth years, inclusive	**10,356**	477
	18,346	6,481

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

39. 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' salaries 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 for 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 2019, the aggregate amount of the Group's contributions to the defined contribution scheme was approximately HK$1,553,000 (2018: HK$1,462,000).

40. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2019, the Group had the following related party transactions or continuing related party transactions, certain of which fall under the definition of connected transactions or continuing connected transactions in Chapter 14A of the Listing Rules, but are exempted from the reporting, announcement, shareholders' approval and annual review requirements under the Listing Rules.

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

	2019 HK$'000	2018 HK$'000
Short-term benefits	**3,808**	3,942
Post-employment benefits	**81**	78
	3,889	4,020

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

40. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Material transactions with its related parties:

	2019 HK$'000	2018 HK$'000
Fee income received from Mr. Woo Peter Ping ("Mr. Woo") (note (i))	**5**	10
Consultancy fee paid to Mr. Ng Yiu Chuen ("Mr. Ng") (note (ii))	**360**	330
Interest paid to Mr. Cheung Chi Shing (note (iii))	**650**	596
Interest paid to Elfie Limited (note (iv))	**120**	114
Interest paid to Ms. Cheung (note (iv))	**80**	76
Interest paid to Ms. Mak Yin Fun ("Ms. Mak") (note (v))	**–**	11
Interest paid to Ms. Ng Kai Ning ("Ms. Ng") (note (vi))	**176**	126
Interest paid to Ms. Inez Lee ("Ms. Lee") (note (vii))	**937**	1,017
Interest paid to Ms. Cheng Chui Shan Phyllis ("Ms. Cheng") (note (viii))	**114**	207
Interest paid to Fintech Pte Limited ("Fintech") (note (ix))	**842**	938
Interest paid to Mr. So Han Meng Julian ("Mr. So") (note (ix))	**82**	199
Interest paid to Hatton Investments Limited (note (x))	**52**	–
Interest income received from Mr. Lau Bing Lam ("Mr. Lau") (note (xi))	**31**	44

Notes:

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

(ii) Mr. Ng is an executive director of the Company.

(iii) Mr. Cheung Chi Shing is the father of Mr. Cheung Hoo Win, the executive director and Chief Executive Officer of the Company.

(iv) Elfie Limited is beneficially owned by Mr. Cheung Chi Shing and his wife Ms. Yeung Han Yi Yvonne. The directors of Elfie Limited are Mr. Cheung Hoo Win, Ms. Cheung Lok Chi ("Ms. Cheung") and Mr. Cheung Hoo Yin. Ms. Cheung and Mr. Cheung Hoo Yin are also the children of Mr. Cheung Chi Shing and Ms. Yeung Han Yi Yvonne.

(v) Ms. Mak is the mother of Ms. Mak Kit Ping, an executive director of the Company.

(vi) Ms. Ng is the daughter of Mr. Ng.

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

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

(ix) Mr. So and Mr. Woo are beneficial owners of Fintech. Mr. So is a substantial shareholder of a non-wholly owned subsidiary of the Group and a director of a subsidiary of the Group.

(x) Hatton Investments Limited is beneficially owned by Mr. Woo.

(xi) Mr. Lau is the father-in-law of Mr. Tang Kwan Chung, who is a director of certain subsidiaries of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

40. RELATED PARTY TRANSACTIONS *(Continued)*

(c) As at the reporting date, the Group had the following material balances with its related parties:

	2019 HK$'000	2018 HK$'000
Accounts receivable:		
Amount due from Mr. Lau (note (i))	**672**	512
Amount due from Ms. Lee (note (ii))	**715**	–
Accounts payable (note (iii)):		
Amount due to Mr. Cheung Chi Shing	**3,172**	14,180
Amount due to Mr. Cheung Hoo Win	**2,671**	2,935
Amount due to Ms. Cheung	**1,422**	2,638
Amount due to Mr. Cheung Hoo Yin	**185**	30
Amount due to K.Y. Limited (note (iv))	**7**	1,293
Amount due to Ms. Lee	**–**	25
Amount due to Ms. Yeung Han Yi Yvonne	**332**	435
Amount due to Ms. Mak	**52**	42
Promissory note receivables:		
Amount due from Fast LP (notes (v) and (vi))	**2,900**	2,900
Promissory note payables (note (vii)):		
Amount due to Mr. Cheung Chi Shing (note (viii))	**26,500**	13,000
Amount due to Elfie Limited (note (ix))	**28,900**	2,400
Amount due to Ms. Cheung (note (x))	**1,600**	1,600
Amount due to Fintech	**–**	17,426
Amount due to Ms. Ng	**2,020**	3,500
Amount due to Ms. Cheng	**4,820**	3,500
Amount due to Ms. Lee	**10,000**	16,000
Amount due to Ms. Mak	**–**	400
Amount due to Mr. So	**–**	4,000

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

40. RELATED PARTY TRANSACTIONS *(Continued)*

(c) 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. Lau, and interest bearing at 3% plus prime rate per annum.

(ii) The amount is secured on relevant listed shares held by Ms. Lee, and interest bearing at 3% plus prime rate per annum.

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

(iv) Mr. Cheung Chi Shing and Ms. Yeung Han Yi Yvonne are the directors of K.Y. Limited.

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

(vi) As at 31 March 2019 the amount was included in the assets of disposal group classified as held for sale (note 29).

(vii) The interest rates for the promissory note payables are at the range from 5% to 8% (2018: 5% to 8%) per annum and repayable within one year.

(viii) Out of the amount as at 31 March 2019, HK$13,000,000 was included in the liabilities of disposal group classified as held for sale (note 29).

(ix) Out of the amount as at 31 March 2019, HK$2,400,000 was included in the liabilities of disposal group classified as held for sale (note 29).

(x) As at 31 March 2019, the amount was included in the liabilities of disposal group classified as held for sale (note 29).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

41. PRINCIPAL SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets and liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of subsidiaries	Place of incorporation/ Operations	Particulars of issued and paid up capital	Proportion of ownership interest 2019	Proportion of ownership interest 2018	Principal activities
Direct subsidiary					
Styland Enterprises Limited	Hong Kong	2 shares	100	100	Provision of management services
Indirect subsidiaries					
Devonia Development Limited	Hong Kong	1,000 shares	100	100	Property investment
Ever-Long Asset Management Limited	Hong Kong	10,000,000 shares	100	100	Securities trading
Ever-Long Capital Limited	British Virgin Islands ("BVI")/Hong Kong	4,000,000 shares of US$1 each	100	100	Provision of financing services
Ever-Long Finance Limited	Hong Kong	22,500,000 shares	100	100	Provision of financing services
Ever-Long Securities Company Limited	Hong Kong	160,000,000 shares (2018: 150,000,000 shares)	100	100	Securities brokerage and provision of financing services
Hoowin Limited	Hong Kong	10,000 shares	100	100	Property investment
Long River Investments Holdings Limited	BVI/Hong Kong	200 shares of US$1 each	100	100	Securities trading
Styland (International) Limited	Hong Kong	100,000 shares	100	100	Securities trading
Talent Full Investment Limited	Hong Kong	1 share	100	100	Provision of management services
Brighten Management Limited	Hong Kong	1,000,000 shares	55	55	Strategic investment

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

41. PRINCIPAL SUBSIDIARIES *(Continued)*

The Group includes subsidiaries, Brighten Int'l and its subsidiaries ("Brighten Group"), with material non-controlling interests. The details and the summarized financial information of Brighten Group, before intragroup eliminations, are as follows:

	2019 HK$'000	2018 HK$'000 (Restated)
Proportion of ownership interests and voting rights held by the non-controlling interests	**45%**	45%
Non-current asset	**1,224**	132
Current assets	**213,369**	150,153
Current liabilities	**(221,708)**	(156,707)
Net liabilities	**(7,115)**	(6,422)
Carrying amount of non-controlling interests	**(3,202)**	(2,890)
Revenue	**14,920**	9,165
Other income	**26,805**	46,433
Total expenses	**(56,432)**	(37,369)
(Loss)/Profit for the year	**(14,707)**	18,229
Other comprehensive (expense)/income for the year	**(4,986)**	179
Total comprehensive (expense)/income for the year	**(19,693)**	18,408
(Loss)/Profit attributable to non-controlling interests	**(6,618)**	8,204
Total comprehensive (expense)/income attributable to non-controlling interests	**(8,862)**	8,284
Dividend paid to non-controlling interests	**–**	–
Net cash flows (used in)/from operating activities	**(58,055)**	21,015
Net cash flows used in investing activities	**(2,240)**	(1,376)
Net cash flows from/(used in) financing activities	**72,760**	(26,804)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current asset			
Investments in subsidiaries	41	–	–
Current assets			
Other receivables		551	509
Amounts due from subsidiaries	(a)	504,051	503,059
Cash and cash equivalents		4,663	8,957
		509,265	512,525
Current liabilities			
Other payables and accruals		389	455
Amounts due to subsidiaries	(a)	29,815	29,815
		30,204	30,270
Net current assets		479,061	482,255
Net assets		479,061	482,255
EQUITY			
Share capital	35	50,951	49,461
Reserves	(b)	428,110	432,794
Total equity		479,061	482,255

Approved and authorized for issue by the board of directors on 21 June 2019.

Ng Yiu Chuen
Executive Director

Mak Kit Ping
Executive Director

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

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

Notes:

(a) Amounts due from/to subsidiaries

The amounts due from/to subsidiaries were unsecured, interest bearing at prime rate and repayable on demand.

(b) Reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Special capital reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2017	172,723	7,480	571,147	554,387	(884,198)	421,539
Profit for the year and total comprehensive income for the year	–	–	–	–	2,544	2,544
Exercise of bonus warrants	14,522	–	–	–	–	14,522
Dividend recognized as distribution	–	–	–	(5,811)	–	(5,811)
Total transactions with owners	14,522	–	–	(5,811)	–	8,711
At 31 March 2018 and 1 April 2018	187,245	7,480	571,147	548,576	(881,654)	432,794
Profit for the year and total comprehensive income for the year	–	–	–	–	1,251	1,251
Dividend recognized as distribution	–	–	–	(5,935)	–	(5,935)
Total transactions with owners	–	–	–	(5,935)	–	(5,935)
At 31 March 2019	**187,245**	**7,480**	**571,147**	**542,641**	**(880,403)**	**428,110**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be reconcile as follows:

	Bond payable HK$'000	Promissory note payables HK$'000	Borrowings HK$'000	Total HK$'000
1 April 2017	–	154,293	116,747	271,040
Cash flows:				
– Proceeds	2,000	88,652	40,799	131,451
– Repayments	–	(102,135)	(12,304)	(114,439)
31 March 2018 and 1 April 2018	2,000	140,810	145,242	288,052
Cash flows:				
– Proceeds	–	214,753	57,205	271,958
– Repayments	–	(90,716)	(57,019)	(147,735)
Non-cash changes:				
– Transfer to disposal group held for sale (note 29)	–	(201,007)	(11,200)	(212,207)
31 March 2019	**2,000**	**63,840**	**134,228**	**200,068**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and its investment activities. The risks associated with these financial instruments include market risks (including 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.

44.1 Categories of financial instruments

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	2019 HK$'000	2018 HK$'000 (Restated)
Financial assets		
Financial assets at amortized cost/		
Loans and receivables:		
– loan receivables	223,372	248,452
– accounts receivable	30,457	58,770
– promissory note receivables	18,600	76,697
– other receivables and deposits	14,468	20,267
– client trust funds	90,781	109,056
– pledged bank deposits	5,000	6,310
– cash and cash equivalents	112,372	119,630
	495,050	639,182
Financial assets at FVTPL	27,721	79,963
Available-for-sale financial assets	–	39,268
Derivative financial instruments	–	5,306
	522,771	763,719

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

44.1 Categories of financial instruments *(Continued)*

	2019 HK$'000	2018 HK$'000
Financial liabilities		
Derivative financial instruments	–	5,306
Other financial liabilities at amortized cost		
– accounts payable	106,438	144,367
– other payables and accruals	12,513	8,549
– bond payable	2,000	2,000
– promissory note payables	63,840	140,810
– borrowings	134,228	145,242
	319,019	440,968
	319,019	446,274

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

44.2 Market risk

(i) Currency risk

The Group's business activities and its assets and liabilities were mainly denominated in HK$, RMB, NTD and USD. 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 client trust funds, pledged bank deposits, accounts payable and cash and cash equivalents at the end of the reporting period, except for RMB. Accordingly, the foreign currency sensitivity disclosed includes the analysis for RMB only.

	Sensitivity rate	Increase/ Decrease in profit or loss HK$'000	Increase/ Decrease in equity HK$'000
2019			
RMB	**5%**	**132**	**132**
2018			
RMB	5%	180	180

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

44.2 Market risk *(Continued)*

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to client trust funds, cash and cash equivalents, certain accounts payable and secured bank loans which bears variable interest rates. 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 accounts receivable, loan receivables, client trust funds, cash and cash equivalents, certain accounts payable and secured bank loans 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 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 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2019 would increase/decrease by HK$1,348,000 (2018: HK$1,964,000).

(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 as at 31 March 2019. The Group's listed investments are valued at quoted market prices at the reporting date. The Group's unlisted equity securities are determined based on the recent agreed transaction prices. In addition, the Group monitors the price risk exposure and will consider hedging the risk exposure should the need arise.

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

If the price of the respective listed equity securities classified as FVTPL had been 5% higher/lower, the post-tax profit for the year ended 31 March 2019 would increase/decrease by approximately HK$1,157,000 (2018: HK$3,078,000) 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 2019

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

44.3 Credit risk

The Group's 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 recognized financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its accounts receivable, contract assets, loan receivables and promissory note receivables and other financial assets as summarized in note 44.1 which are measured at amortized cost.

Accounts receivable, contract assets and loan receivables

In order to minimize the credit risk for the mortgage financial business, the management had delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action was taken to recover overdue balances.

In respect of loans or credit limit granted to customers of the financial services business, the limit will be determined based on the assessment on financial status, repayment records and the liquidity and the fair value of collaterals pledged to the Group and the interest rate was determined thereon.

At 31 March 2019, the Group has concentration of credit risks of 35% (2018: 25%) and 55% (2018: 81%) of the total accounts receivable were due from the Group's largest accounts receivable and the five largest accounts receivable respectively. The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 100% of the total accounts receivable as at 31 March 2019 and 2018.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

44.3 Credit risk *(Continued)*

Policy from 1 April 2018

Accounts receivable, contract assets and loan receivables

The Group assesses ECL under HKFRS 9 on accounts receivable, contract assets and loan receivables based on probability-weighted loss default approach by reviewing the recoverable amount of each individual receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. At each reporting date, the probability of default, loss given default and discount factor are updated and analysed, the loss given default was based on the percentage of contractual claims that would be lost if the counter-party defaults and reduced by the expected recoverable amount from the collateral after adjusting the estimated costs of obtaining and selling the collateral. The ECL allowance was measured based on the ECL assessment result.

Client trust funds, pledged bank deposits and cash and cash equivalents

The credit risks on client trust funds, pledged bank deposits and cash and cash equivalents is limited because the counterparties are reputable banks.

Other financial assets at amortized cost

Other financial assets at amortized cost include promissory note receivables, other receivables and deposits. In order to minimize the credit risk of promissory note receivables and other receivables and deposits, the management would make periodic collective and individual assessment on the recoverability of these receivables based on historical settlement records and past experience as well as current external information. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of promissory note receivables and other receivables and deposits are considered to be low. The Group's management is of opinion that there is no significant increase in credit risk on these financial assets since initial recognition as the risk of default is low after considering the factors as set out in note 2.7 and thus, ECL recognized is based on 12-month ECL and is insignificant.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

44.4 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.

Liquidity tables

In respect of the Group's securities dealing and brokerage services business, it is subject to various statutory liquidity requirements under 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.

The following table details the Group's remaining contractual maturity of its financial liabilities as at 31 March 2019 and 2018. 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.

The derivative financial liabilities are 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.

As at 31 March 2019	Interest rate	On demand/ within one year HK$'000	One year to two years HK$'000	Over two years but within 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Accounts payable		106,438	–	–	106,438	106,438
Other payables and accruals		12,513	–	–	12,513	12,513
Bond payable	8%	–	2,000	–	2,000	2,000
Promissory note payables	5%-8%	63,840	–	–	63,840	63,840
Borrowings*	2.5%-10%	134,228	–	–	134,228	134,228
		317,019	2,000	–	319,019	319,019

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

44.4 Liquidity risk *(Continued)*

Liquidity tables *(Continued)*

As at 31 March 2018	Interest rate	On demand/ within one year HK$'000	One year to two years HK$'000	Over two years but within 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Accounts payable		144,367	–	–	144,367	144,367
Other payables and accruals		8,549	–	–	8,549	8,549
Bond payable	8%	–	–	2,000	2,000	2,000
Promissory note payables	4%-8%	140,810	–	–	140,810	140,810
Borrowings*	2.5%-7.5%	145,242	–	–	145,242	145,242
		438,968	–	2,000	440,968	440,968
Derivative financial instruments		5,306	–	–	5,306	5,306

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

44.5 Fair value measurements

Fair value measurements recognized in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurements. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

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 assets or liabilities, 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 assets or liabilities that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

44.5 Fair value measurements *(Continued)*

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

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 March 2019				
Financial assets				
Financial assets at FVTPL	27,721	–	–	27,721
Financial assets at FVOCI	–	–	–	–
	27,721	–	–	27,721
As at 31 March 2018				
Financial assets				
Available-for-sale financial assets (Restated)	–	–	38,488	38,488
Financial assets at FVTPL	79,963	–	–	79,963
Collar options	–	5,306	–	5,306
	79,963	5,306	38,488	123,757
Financial liabilities				
Collar options	–	5,306	–	5,306

During the years ended 31 March 2019 and 2018, there were no transfers between Level 1, Level 2 and Level 3.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities measured at amortized cost in the consolidated financial statements approximate their fair values due to short-term or immediate maturities. For loan receivables with over one year of maturity, the Company consider that there is no significant change to their discount rate and its carrying amounts are approximate the fair values.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

45. 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 that are the regulated entities under the Hong Kong Securities and Futures Ordinance and are subject to the respective minimum capital requirements. During the years ended 31 March 2019 and 2018, the subsidiaries complied with respective minimum capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 2018.

The capital structure of the Group consists of debts which included borrowings, bond payable and promissory notes, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital as disclosed in note 35 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 2019 and 2018. The Group monitors its capital structure on the basis of the net debt to equity ratio. The net debt to equity ratio at the reporting date was:

	2019 **HK$'000**	2018 HK$'000
Borrowings	**134,228**	145,242
Bond payable	**2,000**	2,000
Promissory notes payables	**63,840**	140,810
Less: Cash and cash equivalents	**(112,372)**	(119,630)
Net debt	**87,696**	168,422
Equity attributable to owners of the Company	**551,712**	596,032
Net debt to equity ratio	**15.9%**	28.3%

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

46. EVENTS AFTER THE REPORTING PERIOD

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

47. COMPARATIVE FIGURES

Certain items in the consolidated financial statements have been reclassified which would result in a more appropriate presentation of events or transactions due to prior year adjustments. Accordingly, the comparative figures have been reclassified to conform with the current year's presentation.

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				
	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
Turnover	**234,787**	248,614	236,638	198,177	184,373
(Loss)/Profit before taxation	**(6,435)**	(17,348)	1,084	(5,763)	94,081
Income tax expense	**–**	–	–	–	–
(Loss)/Profit before non-controlling interests	**(6,435)**	(17,348)	1,084	(5,763)	94,081
Non-controlling interests	**6,618**	(8,204)	4,614	7,010	–
Profit/(Loss) attributable to the owners of the Company	**183**	(25,552)	5,698	1,247	94,081

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2019 HK$'000	2018 HK$'000 Restated	2017 HK$'000	2016 HK$'000	2015 HK$'000
Total assets	**1,091,144**	1,039,416	1,048,973	804,170	737,601
Total liabilities	**(542,634)**	(446,274)	(450,090)	(245,422)	(216,324)
Non-controlling interests	**3,202**	2,890	11,174	6,560	(450)
	551,712	596,032	610,057	565,308	520,827

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
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

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