STYLAND HOLDINGS LIMITED
大凌集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 211)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

The board of directors (the "**Directors**" or the "**Board**") of Styland Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 September 2013 (the "**Review Period**") together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Six months ended 30 September** **2013** **(Unaudited)** ***HK$'000***	2012 (Unaudited) *HK$'000*
• **TURNOVER**		**66,785**	77,663
Revenue	*2*	**20,359**	13,798
Cost of sales		**(2,389)**	(1,882)
• **GROSS PROFIT**		**17,970**	11,916
Other income		**21,235**	17,296
Administrative expenses		**(14,314)**	(14,305)
Selling and distribution costs		**(1,602)**	(844)
Change in fair value of financial assets at fair value through profit or loss		**(3,577)**	(7,814)
Gain/(loss) on disposal of financial assets at fair value through profit or loss		**399**	(341)
Impairment loss recognised in respect of loan receivables		**(791)**	(174)
Reversal of impairment loss recognised in respect of loan receivables		**282**	341

* *For identification purposes only*

	Notes	Six months ended 30 September 2013 (Unaudited) HK$'000	2012 (Unaudited) HK$'000
• **PROFIT FROM OPERATIONS**		**19,602**	6,075
Finance costs		**(1,205)**	(245)
• **PROFIT BEFORE TAXATION**	*3*	**18,397**	5,830
Income tax expenses	*4*	**–**	–
• **PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD**		**18,397**	5,830
• **PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY**		**18,397**	5,830
• **EARNINGS PER SHARE**	*6*		
— Basic and diluted		**HK0.51 cent**	HK0.16 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2013 (Unaudited) HK$'000	At 31 March 2013 (Audited) HK$'000
• **NON-CURRENT ASSETS**			
Fixed assets		**1,472**	1,775
Investment properties		**166,000**	166,000
Loan receivables	*7*	**41,008**	24,915
Deposits paid for the redevelopment project		**1,835**	1,243
Available-for-sale investment		**–**	–
		210,315	193,933
• **CURRENT ASSETS**			
Inventories		**272**	–
Promissory note receivable	*8*	**–**	–
Loan receivables	*7*	**94,386**	94,514
Trade receivables	*9*	**21,712**	17,072
Other receivables, deposits and prepayments		**4,066**	3,713
Financial assets at fair value through profit or loss		**54,768**	38,249
Tax recoverable		**–**	859
Client trust funds		**49,881**	57,167
Pledged bank deposits		**6,232**	6,225
Bank balances and cash		**67,271**	96,211
		298,588	314,010
• **CURRENT LIABILITIES**			
Trade payables	*10*	**48,290**	63,391
Other payables and accruals		**4,035**	4,673
Borrowings	*11*	**106,522**	88,368
Obligations under finance lease		**–**	7
		158,847	156,439
• **NET CURRENT ASSETS**		**139,741**	157,571
• **NET ASSETS**		**350,056**	351,504
• **CAPITAL AND RESERVES**			
Share capital		**35,658**	37,098
Reserves		**314,398**	314,406
• **EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY AND TOTAL EQUITY**		**350,056**	351,504

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated financial statements of the Group have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") and with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair value.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2013 except as described below.

In the Review Period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant for the Group's condensed consolidated financial statements:

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangement and Disclosure of Interest in Other Entities: Transition Guidance
HKFRS13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of Surface Mine

The Directors anticipate that the adoption of these new and revised HKFRSs will have no material impact on the results and financial position of the Group.

Change in accounting estimate

In prior years, the Group accounted for the depreciation of fixed assets by using the reducing balance method. Most of the companies engaging in a similar business as the Group in Hong Kong adopt the straight line depreciation method in measuring their depreciation of fixed assets. In the current year, the Directors revisited the method adopted by the Group and decided to change it from reducing balance method to straight line method. The Directors consider the impact on the change in the current and prior years is insignificant and do not expect a significant fluctuation in the net book value of fixed assets due to the change in depreciation method from the reducing balance method to the straight line method and hence, the impact on the change is not expected to be significant to the Group in the future years.

2. SEGMENTAL INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. To facilitate the performance assessment, loan interest income that arose from other financing were classified to the securities dealing, broking and other financing segment during the Review Period. The segment information for the corresponding period in 2012 was restated to conform to such reclassification. The Group's reportable segments under HKFRS 8 are as follows:

— the securities dealing, broking and other financing segment provides securities broking, margin financing, corporate finance and other financing services;

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

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

— the trading segment mainly engages in the trading of food products and services in acting as an agent of brands;

— the securities trading segment engages in dealing with listed securities; and

— the strategic investments segment engages in investments for an identified long-term purpose.

Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segments for the six months ended 30 September 2013 and the corresponding period in 2012 respectively:

For the six months ended 30 September 2013 (Unaudited)

	Securities dealing, broking and other financing *HK$'000*	Mortgage financing *HK$'000*	Property development and investment *HK$'000*	Trading *HK$'000*	Securities trading *HK$'000*	Strategic investments *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue:								
External sales	8,098	10,778	788	638	57	–	–	20,359
Inter-segment sales	296	–	–	–	–	–	(296)	–
	8,394	10,778	788	638	57	–	(296)	20,359
Segment profit/(loss) after inter-segment transactions	2,160	7,317	605	(181)	(3,417)	(13)	–	6,471
Unallocated income and expenses								11,926
Profit before taxation								18,397

For the six months ended 30 September 2012 (Unaudited)

	Securities dealing, broking and other financing *HK$'000*	Mortgage financing *HK$'000*	Property development and investment *HK$'000*	Trading *HK$'000*	Securities trading *HK$'000*	Strategic investments *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenue:								
External sales	6,205	6,389	131	862	211	–	–	13,798
Inter-segment sales	464	–	–	–	–	–	(464)	–
	6,669	6,389	131	862	211	–	(464)	13,798
Segment profit/(loss) after inter-segment transactions	942	4,675	(69)	(32)	(8,389)	(17)	–	(2,890)
Unallocated income and expenses								8,720
Profit before taxation								5,830

Other segment information

For the six months ended 30 September 2013 (Unaudited)

	Securities dealing, broking and other financing *HK$'000*	**Mortgage financing** *HK$'000*	**Property development and investment** *HK$'000*	**Trading** *HK$'000*	**Securities trading** *HK$'000*	**Strategic investments** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Amounts included in the measurement of segment profit or loss or segment assets:								
Change in fair value of financial assets at fair value through profit or loss	**–**	**–**	**–**	**–**	**(3,577)**	**–**	**–**	**(3,577)**
Gain on disposal of financial assets at fair value through profit or loss	**–**	**–**	**–**	**–**	**399**	**–**	**–**	**399**
Impairment loss recognised in respect of other receivables	**–**	**(82)**	**–**	**–**	**–**	**–**	**–**	**(82)**
Impairment loss recognised in respect of loan receivables	**–**	**(791)**	**–**	**–**	**–**	**–**	**–**	**(791)**
Reversal of impairment loss recognised in respect of loan receivables	**–**	**282**	**–**	**–**	**–**	**–**	**–**	**282**
Bad debt recovery for loan receivables	**602**	**–**	**–**	**–**	**–**	**–**	**–**	**602**
Depreciation	**(61)**	**(10)**	**(1)**	**(1)**	**–**	**–**	**(329)**	**(402)**
Loss on disposal of fixed assets	**–**	**–**	**–**	**–**	**–**	**–**	**(2)**	**(2)**
Additions to non-current assets *(Note 1)*	**62**	**–**	**592**	**–**	**–**	**–**	**39**	**693**
Amounts regularly provided to the chief operating decision maker but not included in the assessment of segment profit or loss or segment assets:								
Interest income *(Note 2)*	**2**	**–**	**–**	**247**	**–**	**–**	**46**	**295**
Finance costs	**(1)**	**(152)**	**–**	**–**	**–**	**–**	**(1,052)**	**(1,205)**
Income tax expenses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Notes:

1. Non-current assets excluded those additions to loan receivables and available-for-sale investment.

2. Interest income excluded the interest of HK$20,000,000 received from Mr. Cheung Chi Shing ("**Mr. Cheung**") in relation to the settlement of judgment debts.

For the six months ended 30 September 2012 (Unaudited)

	Securities dealing, broking and other financing HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Trading HK$'000	Securities trading HK$'000	Strategic investments HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measurement of segment profit or loss or segment assets:								
Change in fair value of financial assets at fair value through profit or loss	–	–	–	–	(7,814)	–	–	(7,814)
Loss on disposal of financial assets at fair value through profit or loss	–	–	–	–	(341)	–	–	(341)
Reversal of impairment loss recognised in respect of trade receivables	–	–	–	29	–	–	–	29
Impairment loss recognized in respect of loan receivables	–	(174)	–	–	–	–	–	(174)
Reversal of impairment loss recognised in respect of loan receivables	–	341	–	–	–	–	–	341
Bad debt written-off	–	(44)	–	–	–	–	–	(44)
Depreciation	(88)	(2)	–	–	–	–	(168)	(258)
Loss on disposal of fixed assets	–	–	–	–	–	–	(5)	(5)
Additions to non-current assets *(Note 1)*	50	9	83,000	–	–	–	6	83,065
Amounts regularly provided to the chief operating decision maker but not included in the assessment of segment profit or loss or segment assets:								
Interest income *(Note 2)*	9	–	–	195	–	–	74	278
Finance costs	–	–	(60)	(1)	–	–	(184)	(245)
Income tax expenses	–	–	–	–	–	–	–	–

Notes:

1. Non-current assets excluded those additions to loan receivables and available-for-sale investment.

2. Interest income excluded the total interest of approximately HK$16,667,000 received from Mr. Cheung and Ms. Yeung Han Yi Yvonne ("**Ms. Yeung**") in relation to the settlement of the judgment debts.

3. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 September 2013 (Unaudited) *HK$'000*	Six months ended 30 September 2012 (Unaudited) *HK$'000*
Depreciation	**402**	258
Staff costs	**7,833**	7,024

4. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made in the condensed consolidated financial statements as the Company and its subsidiaries either has available losses brought forward from the prior period to offset the assessable profits generated during the Review Period or did not generate any assessable profits arising in Hong Kong during the Review Period (2012: nil).

5. DIVIDENDS AND BONUS ISSUE OF WARRANTS

The Board resolved to recommend a payment of interim cash dividend of HK0.138 cent per share for the Review Period (the "**Interim Cash Dividend**") (2012: nil).

The Board also proposed an issue of bonus warrants to the shareholders on the basis of 2 warrants for every 10 existing shares held by the shareholders of the Company (the "**Bonus Warrants**"). Further details of the Bonus Warrants will be announced as soon as possible.

6. EARNINGS PER SHARE

The calculation of the earnings per share is based on the Group's profit attributable to the owners of the Company of approximately HK$18,397,000 for the Review Period (2012: HK$5,830,000) on the weighted average number of 3,588,592,760 (2012: 3,709,773,088) ordinary shares in issue during the Review Period.

The basic and diluted earnings per share are the same for each period of the six months ended 30 September 2013 and 2012 as there were no potential ordinary shares outstanding for both periods.

7. LOAN RECEIVABLES

	As at 30 September 2013 (Unaudited) ***HK$'000***	As at 31 March 2013 (Audited) *HK$'000*
Securities dealing and broking services:		
— Secured margin loans	**45,029**	59,036
Less: Impairment loss recognised	**(15,015)**	(15,617)
	30,014	43,419
Financing business:		
— Unsecured loans	**8,163**	7,781
— Secured mortgage loans	**106,376**	76,847
Less: Impairment loss recognised	**(9,159)**	(8,618)
	105,380	76,010
	135,394	119,429
The Group's loan receivables (net of impairment loss) are analysed into:		
— Non-current assets	**41,008**	24,915
— Current assets	**94,386**	94,514
	135,394	119,429

There was no significant movement in the impairment of loan receivables during the Review Period. For the mortgage financing business, the balance of secured loans was HK$106,376,000 at 30 September 2013 (31 March 2013: HK$76,847,000).

No aged analysis on margin loans was disclosed as in the opinion of the Directors, an aged analysis does not give additional value in view of the nature of the securities margin financing business. The aged analysis of the Group's loan receivables net of impairment for the financing business based on contractual maturity dates is as follows:

	As at 30 September 2013 (Unaudited) *HK$'000*	As at 31 March 2013 (Audited) *HK$'000*
On demand within 1 year	**64,371**	51,095
Over 1 year but not more than 5 years	**25,162**	12,327
Over 5 years	**15,847**	12,588
	105,380	76,010

8. PROMISSORY NOTE RECEIVABLE

Reference is made to note 20 to the audited consolidated financial statements of the Company for the year ended 31 March 2013. The Group still believes that it is in its best interest not to take legal action for the time being and will continue to closely monitor the progress of the recovery of the outstanding money due to the note issuer's subsidiary by its joint venture partner in the toll road project in Wuhan, the PRC.

9. TRADE RECEIVABLES

	As at 30 September 2013 (Unaudited) *HK$'000*	As at 31 March 2013 (Audited) *HK$'000*
Trade receivables	**22,039**	17,399
Less: Impairment loss recognised	**(327)**	(327)
	21,712	17,072
Balance in relation to:		
— Securities dealing and broking services	**15,659**	11,040
— Trading and others	**6,053**	6,032
	21,712	17,072
An aged analysis of the Group's trade receivables based on the invoice date net of impairment is as follows:		
Within 6 months	**14,052**	14,992
Over 6 months and up to 1 year	**5,983**	1,879
Over 1 year	**1,677**	201
	21,712	17,072

10. TRADE PAYABLES

	As at 30 September 2013 (Unaudited) *HK$'000*	As at 31 March 2013 (Audited) *HK$'000*
Balance in relation to:		
— Securities dealing and broking services *(note)*	**47,789**	63,155
— Trading and others	**501**	236
	48,290	63,391

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

An aged analysis of the Group's trade payables in relation to trading and others is as follows:

	As at 30 September 2013 (Unaudited) *HK$'000*	As at 31 March 2013 (Audited) *HK$'000*
Within 6 months	**274**	9
Over 6 months and up to 1 year	**1**	1
Over 1 year	**226**	226
	501	236

11. BORROWINGS

	As at 30 September 2013 (Unaudited) *HK$'000*	As at 31 March 2013 (Audited) *HK$'000*
Secured bank loans	**86,593**	88,368
Other secured loans	**19,929**	–
	106,522	88,368
Borrowings are repayable:		
— Within one year	**23,561**	3,589
— Carrying amount of bank loans that are not repayable within one year from the end of the Review Period but contain a repayment demand clause	**82,961**	84,779
	106,522	88,368

12. OPERATING LEASE ARRANGEMENTS

The Group acts as both lessor and lessee under operating leases. Details of the Group's commitments under non-cancellable operating leases are set out as follows:

(a) Lessor

The Group leases out the investment property under operating lease, the tenancy of which will be expired within two years. The turnover-related rental income received during the Review Period amounted to HK$788,000 (2012: HK$131,000).

At the end of Review Period, the future aggregate minimum lease receipts under non-cancellable operating leases receivable by the Group were as follows:

	As at 30 September 2013 (Unaudited) ***HK$'000***	As at 31 March 2013 (Audited) *HK$'000*
Within one year	**887**	1,244
In the second to fifth years, inclusive	**148**	591
	1,035	1,835

Asset held for deployment on operating leases was as follows:

	As at 30 September 2013 (Unaudited) ***HK$'000***	As at 31 March 2013 (Audited) *HK$'000*
Investment property at fair value	**93,000**	93,000

(b) Lessee

At the end of the Review Period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of the rental premises that fall due as follows:

	As at 30 September 2013 (Unaudited) ***HK$'000***	As at 31 March 2013 (Audited) *HK$'000*
Within one year	**2,141**	2,183
In the second to fifth years, inclusive	**556**	1,492
	2,697	3,675

13. CONTINGENT LIABILITIES

As at 30 September 2013, the Group had no material contingent liabilities.

14. PETITION

Reference is made to note 44 to the audited consolidated financial statements of the Company for the year ended 31 March 2013. Pursuant to the settlement agreement entered into on 26 June 2012 (the "**Settlement Agreement**") between the Company, Mr. Cheung and Ms. Yeung, Mr. Cheung has further repaid HK$20,000,000 in cash on 4 May 2013 and should repay the last instalment of approximately HK$51,304,000 (the "**Last Instalment**") on or before 5 September 2013. On 19 August 2013, after arm's length negotiations between the relevant parties, the Company and Mr. Cheung entered into a supplemental settlement deed (the "**Deed**") to vary and amend certain terms of the Settlement Agreement regarding the settlement of the Last Instalment. Accordingly, Mr. Cheung should transfer to the Group, and also procure Ms. Yeung to transfer to the Group (i) shares of Treasure Glasshouse Limited ("**TGL**") owned by them and (ii) the loans owed to them by TGL, at a consideration of approximately HK$44,915,000 (the "**Transfer**"). TGL was the holding company of Hoowin Limited, which in turn holds a residential property with a fair value of HK$46 million. The Transfer was completed on 1 November 2013 (the "**Completion Date**"). The balance of approximately HK$6,389,000 was also settled by Mr. Cheung in cash on the Completion Date. The Company has confirmed that Mr. Cheung and Ms. Yeung have fully settled the judgement debts. For details of the Transfer, please refer to the circular of the Company dated 11 October 2013.

15. SUBSEQUENT EVENT

As more fully detailed in the Company's announcement dated 5 November 2013, the Deed, TGL Sale and Purchase Agreement, and Transfer of TGL Shares were completed on 1 November 2013 and the Company had received the Last Instalment amounting to approximately HK$51,304,000 from Mr. Cheung.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

During the Review Period, the Group recorded a turnover of HK$66,785,000 as compared to HK$77,663,000 for the corresponding period in 2012. However, the Group had improved its interim results for the Review Period as shown by the profit of HK$18,397,000 as compared with the profit of HK$5,830,000 in the corresponding period in 2012. The improvement was mainly attributable to the increase of operating profit of mortgage financing business, the reduction in losses arising from changes in fair value of financial assets through profit and loss as well as the recognition of other income from the receipt of the judgment debt.

Review of Operations

- *Brokerage Business:*

  As a reputable brokerage firm, the Group provides superior brokerage services to clients of Hong Kong and the PRC. In addition to strengthening its online trading system to provide its clients a more reliable and convenient platform for them to place orders online, the Group, for the first time, offered margin financing to online clients who have a sound credit record. Also, to capture the recovered market sentiment, the Group continued its promotional activities with a view to encourage its existing clients to make more investment transactions. In order to finance the additional investments, a number of approved clients had applied for more margin loans from the Group, which boosted the Group's earnings arising from margin loan interest.

  During the Review Period, the Group recorded a total securities trading turnover of HK$2.6 billion, representing an increase of 53% when compared to the corresponding period in 2012. With the network expansion through the opening of a new branch in the previous year, the number of new accounts increased by 67% during the Review Period when compared to the corresponding period in 2012.

- *Mortgage Financing:*

  The Group's mortgage financing service offers its corporate and personal customers with the flexibility to meet their financial needs. Since its inception, the Group has seen the continuous growth of interest income from this segment. The revenue from the mortgage financing segment rose to HK$10,778,000 in the Review Period, an increase of 69% compared to the corresponding period in 2012.

  In response to the increasing market demand, the Group had strategically leveraged its business partner to accelerate the development of its mortgage financing business during the Review Period. As at 30 September 2013, the Group registered a balance of HK$106,376,000 in mortgage loan receivables, which is an increase of 38% compared to that on 31 March 2013. During the Review Period, the revenue from the mortgage financing business segment became the Group's important and good source of income.

- *Property Development and Investment:*

  In the 2013 financial year, the Group has obtained a commercial property (the "**Commercial Property**"). The Commercial Property, having a considerable valuation, is located in the core of Central, Hong Kong and is next to the tramway. Through the lease out of the Commercial Property, the Group had diversified its revenue source to include rental income. In addition to the valuable Commercial Property, the Group also holds a residential property located in the premium section of Fei Ngo Shan Road, Hong Kong (the "**Residential Property**"). To maximize the fair value of the Residential Property, the Group had resolved to redevelop this property into a two-storey dignitary house.

At the end of the Review Period, the combined fair value of the Commercial Property and Residential Property was HK$166,000,000. The Group believes that upon the completion of the Residential Property's redevelopment, the total fair value of the Group's property portfolio will rise further.

- *Trading Business:*

  During the Review Period, the Group sought diversified products for its trading business and had allocated its resources to a new line of products that yield a higher profit margin. The Group will cooperate with an European company to act as the exclusive agency to distribute its products in Hong Kong, Macau and Mainland China.

Prospects

Looking forward, following the bottoming out of the PRC's economy, its growth rate may be sustained at a satisfactory level in the coming years. Also, it is expected that the low interest rate environment will last for a relatively long period. In light of these favourable factors, the market sentiment is expected to remain positive, which will benefit the Group's brokerage business. Following the change in leadership of the Central Government, a series of plans to further enhance China's economy are being implemented. As a financial services provider, the Group will explore promising opportunities that arise from those policies to develop its financial services business.

On the mortgage financing front, the Group foresees that there is still a huge demand for mortgage loans. To speed up the development of this segment, in addition to the utilization of its internal resources, the Group will continue to consider the possibility of cooperating with other financial institutions to expand this business. Nevertheless, the Group will enhance its credit control measures to minimize the operational risks that may result from the downward adjustment in property prices as a result of the government's policies to curb property speculation.

Subsequent to the end of the Review Period, a residential property with a fair value of HK$46 million was transferred to the Group. As this residential property has been leased out at the time of the completion of the transfer in November 2013, the Group expects that it will derive additional rental income. Together with the rental income from the Commercial Property, the revenue from the investment properties will become one of the sources of income for the Group. For more details on the transfer of the residential property, please refer to the circular of the Company dated 11 October 2013.

Liquidity and Financial Resources

As at 30 September 2013, the Group had cash at bank and in hand of approximately HK$67,271,000 (31 March 2013: HK$96,211,000) and a net asset value of approximately HK$350,056,000 (31 March 2013: HK$351,504,000).

Borrowings and a financial lease as at 30 September 2013 amounted to HK$106,522,000 (31 March 2013: HK$88,375,000), of which HK$23,561,000 (31 March 2013: HK$3,596,000) were repayable within one year. All of the borrowings were denominated in Hong Kong dollar. During the Review Period, the interest rate for the bank borrowings was charged on a monthly basis at the rate of 2.85% below the prime rate of 5.25% for Hong Kong dollars quoted by the bank, and the effective rate was 2.4% per annum. The gearing ratio, being the ratio of total borrowings and financial lease of approximately HK$106,522,000 to shareholders' fund of approximately HK$350,056,000, was about 0.30 (31 March 2013: 0.25).

As at 30 September 2013, time deposits totaling approximately HK$6,232,000 and investment properties with a total market value of approximately HK$166,000,000 were pledged to financial institutions to secure the banking facilities that were granted to the Group.

Capital Structure

As at 30 September 2013, the amount of the Company's issued share capital was approximately HK$35,658,000 divided into 3,565,773,088 shares of HK$0.01 each.

Investments in Financial Assets

As at 30 September 2013, other than the holding of a portfolio of listed securities with a market value of approximately HK$54,768,000 for the trading purpose, the Group did not make any other major investments during the Review Period. The Group will continue to adopt a prudent approach for all its investments.

Closure of Register of Members

For determination of the shareholders' entitlements to the proposed Interim Cash Dividend, the register of members of the Company will be closed from 19 March 2014 to 21 March 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed Interim Cash Dividend, shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 18 March 2014. The book closing dates for determination of the shareholders' entitlements to the Bonus Warrants will be disclosed in the announcement to be issued for the details of the Bonus Warrants.

Credit Risk

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

For the mortgage financing business, mortgages 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.

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

Operational Risk

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

Interest Rate Risk

The Group monitors its interest rate exposure regularly to ensure that the underling risk is monitored within an acceptable range. The Group's interest rate risk arises from its bank loans as interest is charged according to a floating interest rate with a loan repayment period of more than 19 years.

Liquidity Risk

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

Foreign Exchange Exposure

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

Staff

As at 30 September 2013, the Group had 60 employees. During the Review Period, the Group's remuneration packages were structured with reference to prevailing market practice and individual merits. Salaries have been reviewed periodically based on the employees' performance and other relevant factors. The Group also maintains certain staff benefit plans including medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

CORPORATE GOVERNANCE

The Company is committed to uphold good corporate governance practices and considers effective corporate governance an essential element to the Group's success. To uphold that belief, the Company keeps enhancing its corporate governance.

During the Review Period, the Company has strictly complied with all of the code provisions in the Corporate Governance Code (the "**Code**") contained in Appendix 14 of the Listing Rules except that two independent non-executive Directors ("**INEDs**"), one of whom being the Chairman of the Company, did not attend the Annual General Meeting held during the Review Period due to their personal engagements. To comply with the Code, the Company will communicate with relevant INEDs to improve this matter.

Model Code for Securities Transactions by Directors

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

RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Short-term benefits	**1,283**	1,200
Post-employment benefits	**29**	30
	1,312	1,230

The remuneration for Directors and key executives is determined by the Remuneration Committee which takes into consideration the performance of the individual and market trends.

(b) During the Review Period, the Group entered into the following material transactions with its related parties:

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Commission income from Mr. Cheung *(note 1)*	**–**	120
Commission income from Mr. Cheung Hoo Win ("**Mr. Hoowin Cheung**") *(note 1)*	**7**	1
Commission income from Hoowin Limited *(note 2)*	**9**	73
Commission income from Elfie Limited *(note 3)*	**17**	15
Commission income from Mr. Cheung Hoo Yin *(note 4)*	**1**	–
Commission income from Ms. Mak Kit Ping ("**Ms. Mak**") *(note 5)*	**2**	–
Commission income from Mr. Yeung Shun Kee ("**Mr. Yeung**") *(note 6)*	**1**	–
Interest income from Mr. Ng Yiu Chuen ("**Mr. Ng**") *(note 7)*	**5**	–
Judgment debt received from Mr. Cheung *(note 8)*	**20,000**	8,209
Judgment debt received from Ms. Yeung *(note 8)*	**–**	8,458
	20,000	16,667

Note 1: Mr. Cheung is a substantial shareholder of the Company and the father of Mr. Hoowin Cheung, a Director and the Chief Executive Officer of the Company.

Note 2: Hoowin Limited was beneficially owned by Mr. Cheung and Ms. Yeung, the spouse of Mr. Cheung. The directors of Hoowin Limited included a director of the Company and one of his close family members.

Note 3: Elfie Limited is beneficially owned by Mr. Cheung and Ms. Yeung, the spouse of Mr. Cheung. The directors of Elfie Limited include a director of the Company and two of his close family members.

Note 4: Mr. Cheung Hoo Yin is the son of Mr. Cheung and Ms. Yeung.

Note 5: Ms. Mak is an executive Director of the Company.

Note 6: Mr. Yeung is an INED.

Note 7: Mr. Ng is an executive Director of the Company.

Note 8: Please refer to note 14 to this condensed consolidated financial statements for the six months ended 30 September 2013 for details of repayment of judgment debts from Mr. Cheung and Ms. Yeung.

The amounts of securities dealing transactions of Mr. Cheung, Mr. Hoowin Cheung, Hoowin Limited, Elfie Limited, Mr. Cheung Hoo Yin, Ms. Mak and Mr. Yeung during the Review Period are approximately HK$Nil (2012: HK$47,857,000), HK$2,700,000 (2012: HK$480,000), HK$3,705,000 (2012: HK$29,324,000), HK$6,946,000 (2012: HK$6,040,000), HK$476,000 (2012: HK$Nil), HK$506,000 (2012: HK$Nil) and HK$139,000 (2012: HK$45,000) respectively.

(c) Save as disclosed above, as at the end of the Review Period, the Group had the following balances with its related parties:

	As at 30 September 2013 (Unaudited)	As at 31 March 2013 (Audited)
	HK$'000	*HK$'000*
Trade payables:		
Amount due to Mr. Cheung *(note 1)*	**5**	5
Amount due to Mr. Hoowin Cheung *(note 1)*	**1,792**	1,233
Amount due to Hoowin Limited *(note 1)*	**–**	6,793
Amount due to Elfie Limited *(note 1)*	**4,794**	3,988
Amount due to Ms. Cheung Lok Chi *(note 1)*	**96**	–
Amount due to Mr. Cheung Hoo Yin *(note 1)*	**6,522**	–
Amount due to Ms. Mak *(note 1)*	**1**	–
Trade receivable		
Amount due from Ms. Mak *(note 2)*	**–**	18
Loan receivable		
Amount due from Mr. Ng *(note 3)*	**260**	–

Note 1: The amount is unsecured, interest bearing at the bank deposit saving rate per annum and repayable on clients' demand.

Note 2: The amount is secured by the underlying pledged securities and bear interests at an interest rates with reference to the prime rate plus a spread.

Note 3: The amount is unsecured, interest bearing at 4% per annum and repayable by instalment within three years.

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

During the Review Period, the Company repurchased a total of 144,000,000 shares of HK$0.01 each through the Stock Exchange at an aggregate consideration of approximately HK$19,845,000 (excluding transaction costs). The repurchased shares were cancelled during the Review Period. The issued share capital of the Company was accordingly reduced by the par value of the repurchased shares so cancelled. The above repurchases were effected by the Directors pursuant to the mandate from shareholders with a view to benefiting shareholders as a whole in enhancing the net assets and earnings per share of the Company. Details of shares repurchased during the Review Period are set out as follows:

Trading month	**Number of shares repurchased**	**Highest price per share**	**Lowest price per share**	**Aggregate purchase price**
		HK$	*HK$*	*HK$'000*
April 2013	144,000,000	0.142	0.120	19,845

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Review Period.

REVIEW BY AUDIT COMMITTEE

The Company has an Audit Committee comprising four INEDs. The Audit Committee has reviewed the unaudited interim financial statements for the Review Period and has discussed the financial related matters with the management.

On behalf of the Board
Zhao Qingji
Chairman

Hong Kong, 27 November 2013

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