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 2012

The board of directors (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 2012 (the "**Review Period**") together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 September	
		2012	2011
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
• **TURNOVER**		**77,663**	143,020
Revenue	2	**13,798**	20,852
Cost of sales		**(1,882)**	(9,763)
• **GROSS PROFIT**		**11,916**	11,089
Other income		**17,296**	3,935
Administrative expenses		**(14,261)**	(13,513)
Selling and distribution costs		**(844)**	(542)
Change in fair value of financial assets at fair value through profit or loss		**(7,814)**	(6,285)
(Loss) gain on disposal of financial assets at fair value through profit or loss		**(341)**	4,330
Net fair value of derivative financial instrument		**–**	(1,935)
Impairment loss recognised in respect of loan receivables		**(174)**	(191)
Reversal of impairment loss recognised in respect of loan receivables		**341**	121
Bad debt written-off		**(44)**	–
Gratuity payments		**–**	(6,047)

* *For identification purpose only*

	Notes	Six months ended 30 September **2012** **(Unaudited)** ***HK$'000***	 2011 (Unaudited) *HK$'000*
• **PROFIT (LOSS) FROM OPERATIONS**		**6,075**	(9,038)
Finance costs		**(245)**	(855)
• **PROFIT (LOSS) BEFORE TAX**	*3*	**5,830**	(9,893)
Income tax expenses	*4*	**–**	–
• **PROFIT (LOSS) FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME (EXPENSE) ATTRIBUTABLE TO OWNERS OF THE COMPANY**		**5,830**	(9,893)
• **EARNINGS (LOSS) PER SHARE**	*6*		
— Basic and diluted		**HK0.16 cent**	(HK0.51 cent)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2012 (Unaudited) HK$'000	As at 31 March 2012 (Audited) HK$'000
• **NON-CURRENT ASSETS**			
Plant and equipment		**1,847**	2,045
Investment properties	*12(a)*	**150,000**	67,000
Loan receivables	*7*	**24,088**	11,316
Available-for-sale investment		**–**	–
		175,935	80,361
• **CURRENT ASSETS**			
Promissory note receivable	*8*	**–**	–
Loan receivables	*7*	**46,000**	39,864
Trade receivables	*9*	**25,582**	12,586
Other receivables, deposits and prepayments		**3,739**	3,146
Financial assets at fair value through profit or loss		**34,614**	38,460
Tax recoverable		**859**	859
Amounts due from former directors	*14*	**–**	85,950
Client trust funds		**56,352**	82,875
Pledged bank deposits		**6,216**	6,211
Bank balances and cash		**79,380**	70,195
		252,742	340,146
• **CURRENT LIABILITIES**			
Trade payables	*10*	**57,853**	89,027
Other payables and accruals		**6,136**	4,377
Loan from a shareholder	*14*	**–**	10,000
Bank borrowing	*11*	**47,500**	5,700
Obligation under finance lease — due within one year		**54**	92
		111,543	109,196
• **NET CURRENT ASSETS**		**141,199**	230,950

	Notes	As at 30 September 2012 (Unaudited) HK$'000	As at 31 March 2012 (Audited) HK$'000
• **TOTAL ASSETS LESS CURRENT LIABILITIES**		**317,134**	311,311
• **NON-CURRENT LIABILITY**			
Obligation under finance lease — due after one year		**–**	7
• **NET ASSETS**		**317,134**	311,304
• **CAPITAL AND RESERVES**			
Share capital		**37,098**	37,098
Reserves		**280,036**	274,206
• **TOTAL EQUITY**		**317,134**	311,304

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 "**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 accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2012 except as described below.

In the Review Period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are mandatorily effective for the financial year beginning 1 April 2012:

Amendments to HKFRS 7	Financial instruments: Disclosures — Transfers of financial assets
Amendments to HKAS 12	Deferred tax: Recovery of underlying assets

The application of the above amendments to HKFRSs in the Review Period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or the disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective. The following new and revised HKFRSs have been issued after the date the consolidated financial statements for the year ended 31 March 2012 were authorised for issuance and are not yet effective:

Amendments to HKFRS	Annual Improvements 2009–2011 Cycle[1]
Amendments to HKFRS 1	Government loans[1]
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurements[1]
Amendments to HKAS 1	Presentation of items of other comprehensive income[4]
HKAS 19 (Revised)	Employee benefits[1]
HKAS 27 (Revised)	Separate financial statements[1]
HKAS 28 (Revised)	Investments in associates and joint ventures[1]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[2]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2014
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 July 2012

The directors of the Company (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.

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. The Group's reportable segments under HKFRS 8 are as follows:

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

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

— the general trading segment mainly engages in the trading of frozen foods;

— the trading of securities segment engages in trading of listed securities;

— the property development and investment segment engages in property redevelopment and letting of property; 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 2012 and the corresponding period in 2011 respectively:

For the six months ended 30 September 2012

	Securities dealing and broking services *HK$'000*	Financing *HK$'000*	General trading *HK$'000*	Trading of listed securities *HK$'000*	Property development and investment *HK$'000*	Strategic investments *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenues:								
External sales	5,671	6,923	862	211	131	–	–	13,798
Inter-segment sales	464	–	–	–	–	–	(464)	–
	6,135	6,923	862	211	131	–	(464)	13,798
Segment (loss) profit	(71)	5,224	(32)	(7,925)	(69)	(17)	–	(2,890)
Unallocated income and expenses								8,720
Profit before tax								5,830

For the six months ended 30 September 2011

	Securities dealing and broking services *HK$'000*	Financing *HK$'000*	General trading *HK$'000*	Trading of listed securities *HK$'000*	Property development and investment *HK$'000*	Strategic investments *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Segment revenues:								
External sales	8,684	3,327	8,480	361	–	–	–	20,852
Inter-segment sales	795	–	–	–	–	–	(795)	–
	9,479	3,327	8,480	361	–	–	(795)	20,852
Segment profit (loss)	2,334	3,062	371	(1,595)	(173)	2,642	–	6,641
Unallocated income and expenses								(16,534)
Loss before tax								(9,893)

Other segment information

For the six months ended 30 September 2012

	Securities dealing broking services *HK$'000*	**Financing** *HK$'000*	**General trading** *HK$'000*	**Trading of listed securities** *HK$'000*	**Property development and investment** *HK$'000*	**Strategic investments** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Amounts included in the measure 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 recognised 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 disposals of plant and equipment	–	–	–	–	–	–	(5)	(5)
Addition to non-current assets *(Note)*	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	9	–	195	–	–	–	16,741	16,945
Finance costs	–	–	(1)	–	(60)	–	(184)	(245)
Income tax expenses	–	–	–	–	–	–	–	–

Note: Non-current assets excluded loan receivables.

For the six months ended 30 September 2011

	Securities dealing and broking services *HK$'000*	Financing *HK$'000*	General trading *HK$'000*	Trading of listed securities *HK$'000*	Property development and investment *HK$'000*	Strategic investments *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Change in fair value of financial assets at fair value through profit or loss	–	–	–	(6,285)	–	–	–	(6,285)
Gain on disposal of financial assets at fair value through profit or loss	–	–	–	4,330	–	–	–	4,330
Net fair value for the granting of derivative financial instrument	–	–	–	–	–	(1,935)	–	(1,935)
Impairment loss recognised in respect of loan receivables	–	(191)	–	–	–	–	–	(191)
Reversal of impairment loss recognised in respect of loan receivables	–	121	–	–	–	–	–	121
Depreciation	(147)	(2)	–	–	–	–	(206)	(355)
Loss on disposal of plant and equipment	–	–	–	–	–	–	(4)	(4)
Addition to non-current assets *(Note)*	275	6	–	–	–	–	16	297
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	9	–	64	–	–	–	5	78
Finance costs	–	–	(2)	–	(75)	–	(778)	(855)
Income tax expenses	–	–	–	–	–	–	–	–

Note: Non-current assets excluded loan receivables.

3. PROFIT (LOSS) BEFORE TAX

Profit (loss) before taxation is arrived at after charging:

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**258**	355
Staff costs	**7,024**	7,076

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 prior periods 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 (2011: nil).

5. DIVIDENDS

The Board did not recommend the payment of an interim dividend for the Review Period (2011: nil).

6. EARNINGS (LOSS) PER SHARE

The calculation of the earnings per share is based on the Group's profit attributable to owners of the Company of HK$5,830,000 for the Review Period (2011: a loss of HK$9,893,000) on 3,709,773,088 (2011: 1,956,950,409) ordinary shares in issue during the period.

Diluted earnings per share was not disclosed as there were no potential ordinary shares outstanding for the Review Period while the options outstanding during the period for the six months ended 30 September 2011 had an anti-dilutive effect on the basic loss per share.

7. LOAN RECEIVABLES

	As at 30 September 2012 (Unaudited) ***HK$'000***	As at 31 March 2012 (Audited) *HK$'000*
Securities dealing and broking services:		
— Secured margin loans	**41,658**	27,674
Less: Impairment loss recognised	**(15,283)**	(15,283)
	26,375	12,391
Financing business:		
— Unsecured loans	**7,978**	7,585
— Secured mortgage loans	**43,687**	39,323
Less: Impairment loss recognised	**(7,952)**	(8,119)
	43,713	38,789
	70,088	51,180
The Group's loan receivables (net of impairment loss) are analysed into:		
— Non-current assets	**24,088**	11,316
— Current assets	**46,000**	39,864
Total	**70,088**	51,180

There was no significant movement in the impairment of loan receivables during the Review Period.

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

	As at 30 September 2012 (Unaudited) *HK$'000*	As at 31 March 2012 (Audited) *HK$'000*
On demand or within 1 year	**19,624**	27,473
In more than 1 year but not more than 5 years	**15,795**	5,717
Over 5 years	**8,294**	5,599
	43,713	38,789

8. PROMISSORY NOTE RECEIVABLE

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

9. TRADE RECEIVABLES

	As at 30 September 2012 (Unaudited) *HK$'000*	As at 31 March 2012 (Audited) *HK$'000*
Trade receivables	**25,908**	12,942
Less: Impairment loss recognised	**(326)**	(356)
	25,582	12,586
Balance in relation to:		
— Securities dealing and broking services	**20,988**	7,412
— General trading	**4,594**	5,174
	25,582	12,586

An aged analysis of the Group's trade receivables net of impairment is as follows:

Within 6 months	**21,601**	12,527
7 to 12 months	**3,868**	49
Over 1 year	**113**	10
	25,582	12,586

10. TRADE PAYABLES

	As at 30 September 2012 (Unaudited) *HK$'000*	As at 31 March 2012 (Audited) *HK$'000*
Balance in relation to:		
— Securities dealing and broking services *(note)*	**57,597**	88,726
— General trading and others	**256**	301
	57,853	89,027

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

An aged analysis of the Group's trade payables excluding the balance in relation to the securities dealing and broking services is as follows:

Within 6 months	**30**	74
7 to 12 months	**–**	99
Over 1 year	**226**	128
	256	301

11. BANK BORROWING

	As at 30 September 2012 (Unaudited) *HK$'000*	As at 31 March 2012 (Audited) *HK$'000*
Secured bank loan	**47,500**	5,700
Bank borrowing that is repayable:		
— Within one year	**1,873**	1,200
— Carrying amount of bank loan that is not repayable within one year from the end of the Review Period but contain a repayment demand clause	**45,627**	4,500
	47,500	5,700

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

During the Review Period, the Group had acquired an additional investment property with fair value of HK$83 million.

The Group leases out the investment property under operating leases, the tenancies of which will be expired within one year. The turnover-related rental income received during the Review Period amounted to HK$131,000 (2011: Nil).

The future aggregate minimum lease receipts under non-cancellable operating leases receivable by the Group were as follows:

	As at 30 September 2012 (Unaudited) ***HK'000***	As at 31 March 2012 (Audited) *HK'000*
Investment property:		
Not later than one year	**1,104**	–

Asset held for deployment on operating leases was as follows:

	As at 30 September 2012 (Unaudited) ***HK'000***	As at 31 March 2012 (Audited) *HK'000*
Investment property at fair value	**83,000**	–

(b) Lessee

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 2012 (Unaudited) ***HK$'000***	As at 31 March 2012 (Audited) *HK$'000*
Within one year	**1,472**	1,346
In the second to fifth years, inclusive	**766**	50
	2,238	1,396

13. CONTINGENT LIABILITIES

As at 30 September 2012, the Group had no material contingent liabilities.

14. PETITION

Reference is made to the section headed "Petition" under the "Management Discussion and Analysis" contained in the Annual Report 2011/12 of the Company. On 26 June 2012, the Company and the concerned former Directors entered into a settlement agreement (the "**Settlement Agreement**") in respect of the repayment of judgement debts ordered by the Court (the "**Judgement Debts**"). The Settlement Agreement was approved by the shareholders of the Company on 30 August 2012 and was completed on 5 September 2012 (the "**Completion Date**"). According to the Settlement Agreement, the loan of HK$10,000,000 from a shareholder, who is also one of the concerned former Directors, to the Group was used to partially set off against the Judgment Debts during the Review Period. Up to the end of the Review Period, the Group had received approximately HK$102,617,000, of which HK$85,950,000 was recorded as income of the Group for the financial year ended 31 March 2012 with the balance of approximately HK$16,667,000 recognised as interest income for the Review Period. Pursuant to the Settlement Agreement, the outstanding balance of the Judgment Debts will be settled within one year after the Completion Date.

15. SUBSEQUENT EVENT

Subsequent to the end of the Review Period, the Group has drawn a loan of HK$42,500,000 under the banking facilities granted by a bank in July 2012. The Group has pledged to the bank a property that it owns, with a fair value of HK$83,000,000, as security for this loan.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

During the Review Period, the Group recorded a turnover of HK$77,663,000 as compared to HK$143,020,000 for the corresponding period in 2011. However, the Group had improved its bottom line in the Review Period as shown by the profit of HK$5,830,000 in the Review Period as compared with the loss of HK$9,893,000 in the corresponding period in 2011.

Review of Operations

- ***Brokerage Business:***

  During the Review Period, the issues pertaining to the European debt crisis and the recovery of the United States' economy remained the focus of the market and had dampened investment sentiment. As a result, the overall market turnover had dropped significantly. The resulting reduction in transaction volume had adversely affected the financial industry as well as the brokerage business of the Group.

  The Group had completed a total turnover of approximately HK$1.7 billion during the Review Period. Facing the fluctuation of the global economic condition and the slow down of the PRC economy, the Group had reinforced its cost control measures to improve its profitability. To encourage investors to make more investments, the Group managed to offer its clients, in particular those on the Chinese mainland, more value added services such as the provision of more updated and comprehensive market information for their reference before making investment decisions.

Despite shrinkage in the Hong Kong Stock Exchange's market turnover, the Group kept its steady momentum in developing its brokerage business. The Group believes that the dips that occurred in the Hong Kong stock market during the Review Period gave rise to hiring opportunities for the Group. As a result, the Group was able to recruit more experienced account executives. Upon joining the Group, the newly hired account executives have referred new clients to the Group.

- ***Money Lending Business:***

  The Group's money lending business, which comprises mainly of mortgages, was launched in the 2011 financial year. The Group has witnessed the continuous growth of this segment since its inception. During the Review Period, the Group recorded interest income of HK$6.4 million from this segment, which represents a 108% increase as compared to the corresponding period in 2011. In light of the overwhelming demand for corporate loans and personal loans, the Group has resolved to further raise its business target to a new high, and believes that the mortgage segment will continue to be a major and stable source of income for the Group.

  To accommodate for the growth of this business, the Group is optimising its operational procedures by computerising its operational system, which will certainly improve the efficiency of the management staff. Also, due to the expansion of its customer base, the Group had enhanced its credit control work with a view to minimise the unpredictable credit risk which may result from the turbulent business environment.

- ***Property Development and Investment:***

  In order to curb speculation, the HKSAR Government had proposed new measures to cool down the property market. Despite these new measures, property prices continued their upward trend during the Review Period. Under such circumstance, the Group believes that the market value of its premium property located at Fei Ngo Shan Road, Hong Kong, on a redevelopment basis, may climb up significantly. To maximise the value of this dignitary property, the Group has decided to redevelop this property into a higher quality property, and has engaged a reputable land development consultancy company to advise the Group on this redevelopment subsequent to the end of the Review Period. Upon the recognition of the revaluation surplus, the Group's operational results and net assets value will rise accordingly.

  According to the Settlement Agreement and the sale and purchase agreement referred to therein, the Group had acquired a commercial property with a fair value of HK$83 million during the Review Period. Currently, the property is leased out, the tenancies of which will expire in 2013. As such, the Group is entitled to the rental income starting from the second half of the 2013 financial year.

- ***Trading Business:***

  As a result of the tight credit control measures, the turnover of the Group's general trading business decreased significantly during the Review Period when compared to the corresponding period in 2011. Other than the trading of frozen foods, the Group is considering about diversifying the range of products for its general trading business segment. Nevertheless, the Group will regularly review the turnover and results of this segment and if necessary, reallocate its internal resources to more profitable business segments to improve the return on its internal resources.

Prospects

As an international financial centre, Hong Kong has become one of the preferred listing platforms for overseas and Chinese enterprises. The Group will continue its strategy to strengthen its online trading system targeting the clients from Mainland China. The Group will provide them more transparent information and the latest market information. With this improved service, Mainland clients will be encouraged to make more investments and the commission income of the Group will increase accordingly. Locally in Hong Kong, other than the referrals from new account executives, the Group also targets retail customers. To implement this strategy, the Group opened a new branch in North Point, Hong Kong. To lower the risk exposure associated with the walk-in clients, the Group will intensify its credit assessment in this regard. By balancing risk and customer base expansion effectively, the Group believes that it can benefit from this strategy.

For the money lending business, the Group will capitalize on the opportunities stemming from the rising demand for short-term loans in the market, which may be attributable to the increasingly stringent lending requirements by banks. Leveraging on the skills and talent of the newly joined team members, the Group will widen its business network and may approach new customers. Following the rapid growth of this business segment, the Group also plans to strengthen its risk management as well as improve its operational work flow. The Group believes that the adoption of professional credit control measures and the computerization of the operational system will build up a solid foundation for the long-term development of the money lending business.

The United States has launched the third quantitative easing measures ("**QE3**") and it is generally believed that the Central Government of the PRC tends to implement an appropriate monetary or fiscal easing policy to tackle its downturn economic problems. The Group believes that these stimulus measures will further boost the property prices in Hong Kong including the value of the residential and the commercial properties of the Group. Subsequent to the launch of QE3, both the Hang Seng Index and average market turnover have risen steadily. The Group believes that in addition to the revaluation surplus it may gain from the appreciation of the properties, its financial services including the brokerage and corporate finance businesses will also benefit from the abundant fund flows in the market.

Liquidity and Financial Resources

As at 30 September 2012, the Group had cash at bank and in hand of approximately HK$79,380,000 (31 March 2012: HK$70,195,000) and a net assets value of approximately HK$317,134,000 (31 March 2012: HK$311,304,000).

The bank borrowing and financial lease as at 30 September 2012 totalled HK$47,554,000 (31 March 2012: HK$5,799,000), of which HK$1,927,000 (31 March 2012: HK$1,292,000) were repayable within one year. However, as the loan agreement contains a repayment demand clause, the Group has therefore reclassified the long-term portion of the bank loan amounting to HK$45,627,000 (31 March 2012: HK$4,500,000) as a current liability to comply with the accounting standard. All of the borrowings were denominated in Hong Kong dollar. The gearing ratio, being the ratio of total bank borrowing and financial lease of approximately HK$47,554,000 to shareholders' fund of approximately HK$317,134,000, was about 0.15 (31 March 2012: 0.02).

As at 30 September 2012, the time deposits of approximately HK$6,216,000, an investment property of approximately HK$67,000,000 and part of the plant and equipment with a net book value of HK$183,000 were pledged to banks for obtaining banking facilities or borrowings for the Group.

Staff

As at 30 September 2012, the Group had 52 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 performance appraisal and other relevant factors. The Group also maintains certain staff benefit plans including medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

Credit Risk

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

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

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

Operational Risk

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

Interest Rate Risk

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

Liquidity Risk

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

Foreign Exchange Exposure

During the Review Period, the Group's business activities as well as its assets and liabilities were mainly denominated in Hong Kong dollars and US dollars. In light of the exchange rate peg between the Hong Kong dollar and the US dollar, 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.

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 act on that belief, the Company keeps enhancing its corporate governance.

During the Review Period, the Company had strictly complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (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 special general meeting and annual general meeting of the Company held during the Review Period due to their personal engagements.

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	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Short-term benefits	**1,200**	1,233
Post-employment benefits	**30**	18
	1,230	1,251

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	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Consultancy fee paid to Mr. Cheung Chi Shing ("**Mr. Cheung**") *(note 1)*	**–**	190
Commission income from Mr. Cheung *(note 1)*	**120**	530
Commission income from Mr. Cheung Hoo Win ("**Mr. Hoowin Cheung**") *(note 1)*	**1**	3
Commission income from Hoowin Limited *(note 2)*	**73**	51
Commission income from Elfie Limited *(note 3)*	**15**	13
Commission income from Mr. Yeung Shun Kee ("**Mr. Yeung**") *(note 4)*	**–**	1
Interest income from Mr. Cheung *(note 5)*	**8,209**	–
Interest income from Ms. Yeung Han Yi Yvonne ("**Ms. Yeung**") *(note 5)*	**8,458**	–
	16,667	–

Notes:

(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.

(2) Hoowin Limited is beneficially owned by Mr. Cheung and Ms. Yeung, the spouse of Mr. Cheung. The directors of Hoowin Limited are Mr. Hoowin Cheung, Ms. Cheung Lok Chi and Mr. Cheung Hoo Yin. All of them are children of Mr. Cheung and Ms. Yeung.

(3) Elfie Limited is beneficially owned by Mr. Cheung and Ms. Yeung, the spouse of Mr. Cheung. The directors of Elfie Limited are Mr. Hoowin Cheung and Ms. Cheung Lok Chi, the children of Mr. Cheung and Ms. Yeung.

(4) Mr. Yeung is an INED.

(5) Please refer to note 14 to the condensed consolidated financial statements for the six months ended 30 September 2012 for details of interest income.

The amounts of securities dealing transactions of Mr. Cheung, Mr. Hoowin Cheung, Hoowin Limited, Elfie Limited and Mr. Yeung during the Review Period were approximately HK$47,857,000 (2011:HK$211,957,000), HK$480,000 (2011: HK$1,201,000), HK$29,324,000 (2011: HK$20,200,000), HK$6,040,000 (2011: HK$10,012,000) and HK$45,000 (2011: HK$390,000) 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 2012 (Unaudited) *HK$'000*	As at 31 March 2012 (Audited) *HK$'000*
Trade payables:		
Amount due to Hoowin Limited *(note 1)*	**7,914**	18,464
Amount due to Mr. Cheung *(note 1)*	**4,063**	11,983
Amount due to Mr. Hoowin Cheung *(note 1)*	**581**	–
Amount due to Elfie Limited *(note 1)*	**5,097**	7,442
Loan advance:		
Amount due to Mr. Cheung *(note 2)*	**–**	10,000

Notes:

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

(2) The amount is unsecured, non-interest bearing and was offset against the debt due to the Company during the Review Period.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during 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 2012

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 the independent non-executive Directors are Mr. Zhao Qingji, Mr. Yeung Shun Kee, Mr. Li Hancheng and Mr. Lo Tsz Fung Philip.