

BRING PROSPERITY



ASSET MANAGEMENT

SUCCESS

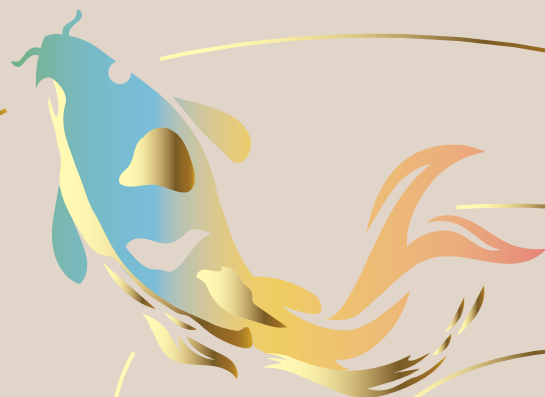


CORPORATE FINANCE

PROSPERITY

GOOD FORTUNE

STOCKBROKING



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)

中期報告 INTERIM REPORT 2023/24



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Hoo Win (Chief Executive Officer)
Mr. Ng Yiu Chuen

Independent Non-Executive Directors

Mr. Li Hancheng (Non-executive Chairman)
Mr. Lo Tsz Fung Philip
Ms. Ling Sui Ngor

AUDIT COMMITTEE

Mr. Lo Tsz Fung Philip (Chairman)
Mr. Li Hancheng
Ms. Ling Sui Ngor

REMUNERATION COMMITTEE

Ms. Ling Sui Ngor (Chairman)
Mr. Li Hancheng
Mr. Lo Tsz Fung Philip

NOMINATION COMMITTEE

Mr. Li Hancheng (Chairman)
Mr. Lo Tsz Fung Philip
Ms. Ling Sui Ngor

COMPANY SECRETARY

Mr. Cheung Chun To (Appointed on 5 August 2023)
Mr. Wang Chin Mong (Resigned on 5 August 2023)

AUDITOR

Grant Thornton Hong Kong Limited

LEGAL ADVISERS

As to Hong Kong Law:

Michael Li & Co.
TC & Co.

As to Bermuda Law:

Appleby

PRINCIPAL BANKERS

OCBC Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia)
Limited
Chong Hing Bank Limited
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation
Limited

PRINCIPAL REGISTRAR

Ocorian Management (Bermuda) Limited
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Bermuda



HONG KONG BRANCH REGISTRAR

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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 2023 (the “**Review Period**”) together with the comparative figures as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Six months ended 30 September	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Turnover		120,962	136,054
Revenue	3	11,337	12,409
Costs of brokerage services		(1,044)	(1,232)
Other income		1,599	2,051
Administrative expenses		(25,743)	(28,066)
Selling and distribution expenses		(2,628)	(2,081)
Change in fair value of financial assets at fair value through profit or loss (“ FVTPL ”)		(2,895)	(699)
Loss on disposal of financial assets at FVTPL		(248)	(1,144)
Loss on disposal of a subsidiary	13	(783)	–
Expected credit losses (“ ECL ”) recognised in respect of loans receivable		(121)	(230)
ECL recognised in respect of accounts receivable		(118)	(136)
ECL recognised in respect of other receivables		(269)	(521)
Reversal of ECL recognised in respect of loans receivable		2,905	179
Reversal of ECL recognised in respect of accounts receivable		18	293
Reversal of ECL recognised in respect of other receivables		36	9
Finance costs		(8,704)	(5,622)
Loss before taxation	4	(26,658)	(24,790)
Income tax expenses	5	–	–
Loss and total comprehensive expense for the period		(26,658)	(24,790)
Loss per share			
– Basic and diluted loss per share	7	(HK\$0.038)	(HK\$0.035)



Condensed Consolidated Statement of Financial Position



Notes	At 30 September 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
ASSETS AND LIABILITIES		
Non-current assets		
	5,263	5,979
Property, plant and equipment		
	441,500	441,500
Investment properties		
	–	–
Intangible assets		
Financial asset at FVTPL	6,907	6,845
12		
Loans receivable	22,103	30,693
8		
Deposits paid for acquisition of property, plant and equipment	–	105
	475,773	485,122
Current assets		
	95,739	80,910
Loans receivable		
8		
Accounts receivable	29,730	26,519
9		
Contract asset	–	471
	9,653	8,296
Other receivables, deposits and prepayments		
	9,522	9,097
Financial assets at FVTPL		
12		
Financial asset at fair value through other comprehensive income ("FVOCI")	–	–
12		
Client trust funds	75,796	87,032
	34,984	62,568
Cash and cash equivalents		
	255,424	274,893
Assets held for sale	–	30,000
13		
	255,424	304,893
Total assets	731,197	790,015

Condensed Consolidated Statement of Financial Position

	Notes	At 30 September 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
Current liabilities			
Accounts payable	10	92,224	107,029
Convertible bonds	11	–	22,854
Other payables and accruals		7,785	11,485
Promissory notes payable	14	10,000	20,000
Loans		176,859	180,705
Lease liabilities		4,471	4,447
		291,339	346,520
Net current liabilities		(35,915)	(41,627)
Total assets less current liabilities		439,858	443,495
Non-current liabilities			
Promissory notes payable	14	55,000	30,000
Lease liabilities		384	2,363
		55,384	32,363
Net assets		384,474	411,132
Equity			
Share capital		70,932	70,932
Reserves		313,542	340,200
Total equity		384,474	411,132



Condensed Consolidated Statement of Changes in Equity



	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	Share options reserve* HK\$'000	Convertible bonds reserve* HK\$'000	Accumulated losses* HK\$'000	Total HK\$'000
At 1 April 2023	70,932	191,551	7,480	571,147	512,667	-	2,433	(945,078)	411,132
Loss and total comprehensive expense for the period	-	-	-	-	-	-	-	(26,658)	(26,658)
Transactions with owners: Maturity of convertible bonds	-	-	-	-	-	-	(2,433)	2,433	-
Total transactions with owners	-	-	-	-	-	-	(2,433)	2,433	-
At 30 September 2023	70,932	191,551	7,480	571,147	512,667	-	-	(969,303)	384,474
At 1 April 2022	70,932	191,551	7,480	571,147	512,667	7,591	2,433	(883,975)	479,826
Loss and total comprehensive expense for the period	-	-	-	-	-	-	-	(24,790)	(24,790)
Transactions with owners: Lapse of share options	-	-	-	-	-	(7,591)	-	7,591	-
Total transactions with owners	-	-	-	-	-	(7,591)	-	7,591	-
At 30 September 2022	70,932	191,551	7,480	571,147	512,667	-	2,433	(901,174)	455,036

* The reserves accounts comprise the Group's total reserves of HK\$313,542,000 in the condensed consolidated statement of financial position as at 30 September 2023.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Net cash used in operating activities	(34,711)	(2,345)
Net cash generated from/(used in) investing activities	28,541	(13,131)
Net cash used in financing activities	(29,234)	(32,273)
Net decrease in cash and cash equivalents	(35,404)	(47,749)
Cash and cash equivalents at 1 April	62,568	91,423
Cash and cash equivalents at 30 September	27,164	43,674
Analysis of the balances of cash and cash equivalents, represented by:		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	34,984	46,163
Bank overdraft	(7,820)	(2,489)
	27,164	43,674



Notes to the Condensed Consolidated Interim Financial Statements



1. BASIS OF PREPARATION

The condensed consolidated interim 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**”).

2. ADOPTION OF NEW OR AMENDED HKFRSs

The condensed consolidated interim financial statements for the six months ended 30 September 2023 have been prepared in accordance with the accounting policies adopted in the Group’s annual consolidated financial statements for the year ended 31 March 2023, except for the adoption of the following new and amended Hong Kong Financial Reporting Standards (“**HKFRSs**”) effective as of 1 April 2023. The Group has not earlier adopted any standards, interpretations or amendments that have been issued but are not yet effective.

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 “Making Materiality Judgements” to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Except for the disclosures of accounting policies may need to be revised to cope with the above changes, in the opinion of the Directors, the amendments have no other material impact on the condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

2. ADOPTION OF NEW OR AMENDED HKFRSs (CONTINUED)

Amendments to HKAS 8 “Definition of Accounting Estimates”

The amendments clarify how entities should distinguish changes in accounting policies from changes in accounting estimates by introducing a definition for accounting estimates, which is now defined as “monetary amounts in the financial statements that are subject to measurement uncertainty”.

Besides, the amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. Accounting estimates typically involve the use of judgements or assumptions based on latest available reliable information. A change in accounting estimate that results from new information or new development is not correction of an error. Therefore, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. In addition, two illustrative examples are added to illustrate how to apply the new definition of accounting estimates.

The amendments are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. In the opinion of the Directors, the amendments have no material impact on the condensed consolidated interim financial statements.

Issued but not yet effective HKFRSs

At the date of authorisation of these condensed consolidated interim financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease liabilities in a Sales and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ Effective date not yet determined

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. The adoption of these new and amended HKFRSs are not expected to have a material impact on the Group’s condensed consolidated interim financial statements.



3. REVENUE AND SEGMENT INFORMATION

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

- the financial services segment engages in securities and futures dealing, brokerage financing, corporate finance, asset management and other financing services;
- the mortgage financing segment engages in corporate and personal financing that are secured by real properties;
- the insurance brokerage segment engages in insurance brokerage services and acting as a mandatory provident fund (“**MPF**”) intermediary services;
- the property development and investment segment engages in property development and letting of properties; and
- the securities trading segment engages in trading of securities and derivative products.



Notes to the Condensed Consolidated Interim Financial Statements

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Details of the Group's turnover and revenue are analysed as follows:

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Financial services		
Fees and commission income from:		
Brokerage income	1,913	2,384
Corporate finance		
– Sponsor fee income	204	–
– Placing and underwriting services income	–	511
Interest income from brokerage financing and other financing	1,831	2,233
	3,948	5,128
Mortgage financing		
Interest income from mortgage financing	6,664	6,950
Insurance brokerage		
Commission income	208	209
Securities trading		
Dividend income	517	122
Revenue for the period	11,337	12,409
Proceeds from trading of securities	109,625	123,645
Turnover for the period	120,962	136,054

During the Review Period, the Group derived revenue recognised over time and at a point in time from its fee and commission income from securities and futures brokerage, insurance brokerage, asset management and corporate finance as follows:

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Timing of revenue recognition		
– at a point in time	2,121	3,104
– over time	204	–
	2,325	3,104



3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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 2023

	Financial services HK\$'000	Mortgage financing HK\$'000	Insurance brokerage HK\$'000	Property development and investment HK\$'000	Securities trading HK\$'000	Eliminations HK\$'000	Total HK\$'000
Segment revenue:							
Revenue from external customers	3,948	6,664	208	-	517	-	11,337
Inter-segment revenue	235	-	-	-	-	(235)	-
	4,183	6,664	208	-	517	(235)	11,337
Segment results	(7,994)	4,581	(365)	(2,294)	(3,092)	-	(9,164)
Unallocated income							15
Unallocated expenses							(17,509)
Loss before taxation							(26,658)

For the six months ended 30 September 2022

	Financial services HK\$'000	Mortgage financing HK\$'000	Insurance brokerage HK\$'000	Property development and investment HK\$'000	Securities trading HK\$'000	Eliminations HK\$'000	Total HK\$'000
Segment revenue:							
Revenue from external customers	5,128	6,950	209	-	122	-	12,409
Inter-segment revenue	164	-	-	-	-	(164)	-
	5,292	6,950	209	-	122	(164)	12,409
Segment results	(9,057)	2,938	(523)	(1,698)	(2,282)	-	(10,622)
Unallocated income							6
Unallocated expenses							(14,174)
Loss before taxation							(24,790)



Notes to the Condensed Consolidated Interim Financial Statements

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information

For the six months ended 30 September 2023

	Financial services HK\$'000	Mortgage financing HK\$'000	Insurance brokerage 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	-	-	-	-	(2,973)	78	(2,895)
Loss on disposal of financial assets at FVTPL	-	-	-	-	(248)	-	(248)
ECL recognised in respect of loans receivable	(121)	-	-	-	-	-	(121)
ECL recognised in respect of accounts receivable	(118)	-	-	-	-	-	(118)
ECL recognised in respect of other receivables	(269)	-	-	-	-	-	(269)
Reversal of ECL recognised in respect of loans receivable	505	2,400	-	-	-	-	2,905
Reversal of ECL recognised in respect of accounts receivable	18	-	-	-	-	-	18
Reversal of ECL recognised in respect of other receivables	-	36	-	-	-	-	36
Bad debt recovery for loans receivable	-	356	-	-	-	-	356
Depreciation – owned assets	(95)	(4)	(2)	(198)	-	(321)	(620)
Depreciation – right-of-use assets	(457)	(140)	-	-	-	(104)	(701)
Loss on disposals of property, plant and equipment	-	-	(3)	-	-	-	(3)
Loss on disposal of a subsidiary	-	-	-	(783)	-	-	(783)
(Loss)/gain on exchange difference, net	(84)	-	-	-	1	(6)	(89)
Addition to non-current assets (note)	-	-	-	211	-	399	610
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	-	-	-	-	-	15	15
Finance costs	(80)	(3)	-	-	-	(8,621)	(8,704)

Note: The amounts excluded the additions to loans receivable and financial assets at FVTPL.



3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

For the six months ended 30 September 2022



	Financial services HK\$'000	Mortgage financing HK\$'000	Insurance brokerage 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	-	-	-	-	(768)	69	(699)
Loss on disposal of financial assets at FVTPL	-	-	-	-	(1,144)	-	(1,144)
ECL recognised in respect of loans receivable	(230)	-	-	-	-	-	(230)
ECL recognised in respect of accounts receivable	(136)	-	-	-	-	-	(136)
ECL recognised in respect of other receivables	(521)	-	-	-	-	-	(521)
Reversal of ECL recognised in respect of loans receivable	179	-	-	-	-	-	179
Reversal of ECL recognised in respect of accounts receivable	293	-	-	-	-	-	293
Reversal of ECL recognised in respect of other receivables	9	-	-	-	-	-	9
Bad debt recovery for loans receivable	21	-	-	-	-	-	21
Depreciation – owned assets	(182)	(4)	(2)	(161)	-	(279)	(628)
Depreciation – right-of-use assets	(1,222)	(140)	-	-	-	(462)	(1,824)
Loss on disposals of property, plant and equipment	-	-	-	-	-	(4)	(4)
(Loss)/gain on exchange difference, net	(171)	-	-	-	-	5	(166)
Addition to non-current assets (note)	245	-	-	1,834	-	1,059	3,138
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	-	-	-	-	-	6	6
Finance costs	(130)	(7)	-	-	-	(5,485)	(5,622)

Note: The amounts excluded the additions to loans receivable and financial assets at FVTPL.

Notes to the Condensed Consolidated Interim Financial Statements

4. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Depreciation of property, plant and equipment		
– owned assets	620	628
– right-of-use assets	701	1,824
Loss on disposals of property, plant and equipment	3	4
Lease payment for short-term leases	87	127
Salaries, allowances and other benefits (including retirement benefit scheme contributions)	15,071	14,745

5. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made in the condensed consolidated interim financial statements for the Review Period and for the six months ended 30 September 2022 as the Company and its subsidiaries either have available losses brought forward from prior years to offset the assessable profits generated or did not generate any assessable profits arising from Hong Kong during the respective periods.

6. DIVIDENDS

The Board did not recommend a payment of interim dividend for the Review Period (2022: nil).

7. LOSS PER SHARE

The calculation of basic loss per share for the Review Period was based on the loss for the Review Period of HK\$26,658,000 (2022: HK\$24,790,000) and the weighted average number of 709,315,013 ordinary shares (2022: 709,315,013 ordinary shares) in issue for the Review Period.

Diluted loss per share for the Review Period was the same as its basic loss per share. The computation of diluted loss per share had not assumed the conversion of convertible bonds since the conversion would result in a decrease in loss per share.

Diluted loss per share for the six months ended 30 September 2022 was the same as its basic loss per share. The computation of diluted loss per share had not assumed the conversion of convertible bonds or exercise of share options since both the conversion price for convertible bonds and the exercise price for the share options were higher than the average market price of the shares for the Review Period.



8. LOANS RECEIVABLE

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Securities dealing and brokerage services:		
– Secured margin loans	14,144	14,031
– Unsecured margin loans	1,942	1,930
Less: ECL allowance	(1,951)	(2,334)
	14,135	13,627
Financing businesses:		
– Secured mortgage loans	99,081	96,980
– Secured loans	2,922	2,922
– Unsecured loans	14,104	12,875
Less: ECL allowance	(12,400)	(14,801)
	103,707	97,976
	117,842	111,603
The Group's loans receivable, net of ECL allowance, are analysed into:		
– Non-current assets	22,103	30,693
– Current assets	95,739	80,910
	117,842	111,603

There were no significant movements in the ECL allowance of loans receivable during the Review Period.

At 30 September 2023, the loan balances of mortgage financing and other financing services, net of ECL allowances, were HK\$98,622,000 (31 March 2023: HK\$94,164,000) and HK\$5,085,000 (31 March 2023: HK\$3,812,000) respectively.

No aging analysis is disclosed in relation to securities dealing and brokerage services 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.



Notes to the Condensed Consolidated Interim Financial Statements

8. LOANS RECEIVABLE (CONTINUED)

The maturity analysis for the carrying amount of loans receivable in the financing businesses, net of ECL allowance, based on contractual maturity dates, is as follows:

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
On demand or within 1 year	81,604	67,283
Over 1 year but not more than 5 years	9,000	8,220
Over 5 years	13,103	22,473
	103,707	97,976

9. ACCOUNTS RECEIVABLE

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Accounts receivable	32,517	29,206
Less: ECL allowance	(2,787)	(2,687)
	29,730	26,519
Balance in relating to:		
– Securities and futures dealing and brokerage services	29,602	26,230
– Others	128	289
	29,730	26,519





9. ACCOUNTS RECEIVABLE (CONTINUED)

An aging analysis of the Group's accounts receivable, net of ECL allowance, based on the trade date/invoice dates, is as follows:

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Within 6 months	27,090	24,204
Over 6 months but not more than 1 year	1,545	1,613
Over 1 year	1,095	702
	29,730	26,519

10. ACCOUNTS PAYABLE

Accounts payable are mainly in relation to securities and futures dealing and brokerage services. Included in accounts payable represented HK\$91,628,000 (31 March 2023: HK\$106,657,000) which are interest-bearing at the bank deposit savings rates per annum and are repayable on demand. The remaining amounts are non-interest bearing and repayable on demand. No aging analysis was 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 and futures dealing and brokerage services.

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

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
United States dollar ("USD")	17,060	9,661
New Taiwan dollar	29,945	31,109
Renminbi	345	471
Canadian dollar	–	25
Great British Pound	158	160

Notes to the Condensed Consolidated Interim Financial Statements

11. CONVERTIBLE BONDS

	Liabilities Component HK\$'000	Equity Component HK\$'000	Total HK\$'000
At 1 April 2023 (audited)	22,854	2,433	25,287
Interest at effective interest rate (unaudited)	830	–	830
Interest paid (unaudited)	(684)	–	(684)
Matured and redeemed	(23,000)	(2,433)	(25,433)
At 30 September 2023 (unaudited)	–	–	–

For more details about the convertible bonds, please refer to the note 29 to the consolidated financial statements of the Company for the year ended 31 March 2023 contained in the Annual Report 2022/23 of the Company.

12. FAIR VALUE MEASUREMENTS

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).



12. FAIR VALUE MEASUREMENTS (CONTINUED)



	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 September 2023 (unaudited)				
Financial assets				
Financial assets at FVTPL				
– Listed securities (note a)	9,522	–	–	9,522
– Investment in a life insurance policy (note b)	–	6,907	–	6,907
Financial asset at FVOCI				
– An unlisted equity security (note c)	–	–	–	–
	9,522	6,907	–	16,429
As at 31 March 2023 (audited)				
Financial assets				
Financial assets at FVTPL				
– Listed securities (note a)	9,097	–	–	9,097
– Investment in a life insurance policy (note b)	–	6,845	–	6,845
Financial asset at FVOCI				
– An unlisted equity security (note c)	–	–	–	–
	9,097	6,845	–	15,942

Note a: The fair values of the listed securities were determined based on the quoted market bid prices available on the relevant exchange.

Note b: The Group can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of termination (“Cash Value”). The Cash Value is determined by the premium paid plus accumulated interest earned minus the accumulated insurance policy charges and any applicable surrender charge. The fair value of the investment in the life insurance policy is determined by reference to the Cash Value as provided by the insurance company at the reporting date.

Note c: As at 30 September 2023, the investment in the unlisted equity security represented the equity interest in a private entity that offers the Group the opportunity for return through distribution and is measured at fair value. The fair value of the unlisted equity investment is determined using the approach of the net asset value of the entity. The effects of the unobservable inputs are not significant.

Notes to the Condensed Consolidated Interim Financial Statements

12. FAIR VALUE MEASUREMENTS (CONTINUED)

During the Review Period, there were no transfers between Level 1, Level 2 and Level 3.

The Directors consider that the carrying amounts of other financial assets and financial liabilities which are mature within one year and measured at amortised cost in the condensed consolidated interim financial statements approximate their fair values in view of their short-term or immediate maturities. For financial assets and financial liabilities with over one year of maturity, the Directors consider that there is no significant change to their discount rate and its carrying amounts approximate the fair values.

13. ASSETS CLASSIFIED AS HELD FOR SALE AND DISPOSAL OF A SUBSIDIARY

During the year ended 31 March 2023, the Directors intended to dispose of the entire equity interest in Ocean View Villa Limited (formerly known as Hoowin Limited) ("**Ocean View**"), an indirect wholly owned subsidiary of the Company which engages in property investment business in Hong Kong. Negotiations with interested party have taken place. The Directors expected that it was highly probable that the assets attributable to the business of Ocean View would be sold within twelve months and classified it as an asset held for sale and was presented separately in the consolidated statement of financial position.

Subsequent to 31 March 2023, the Group entered into a conditional provisional agreement with an independent third party to dispose the entire equity interest in Ocean View (the "**Disposal**"). Details of the Disposal were set forth in the Company's announcements dated 3 April 2023 and 3 July 2023, and circular dated 25 May 2023.

The assets of Ocean View classified as assets held for sale as at 31 March 2023 are as follows:

	2023 HK\$'000
Investment property	30,000
Property, plant and equipment	207
Write-down to fair value less costs to sales	(207)
Total assets classified as held for sale	30,000



13. ASSETS CLASSIFIED AS HELD FOR SALE AND DISPOSAL OF A SUBSIDIARY (CONTINUED)

As at 31 March 2023, the investment property was pledged to secure the loan of HK\$11,162,000.

On 30 June 2023, the Group completed the Disposal for a consideration of HK\$30,000,000. The net assets of Ocean View at the date of disposal were as follows:

	2023 HK\$'000
Consideration received:	
Total consideration received	30,000
Net assets disposed of:	
Investment property	30,000
Loss on disposal of a subsidiary:	
Consideration received	30,000
Net assets disposed of	(30,000)
Transaction costs	(783)
Loss on disposal	(783)
Net cash inflow arising on disposal:	
Consideration received	30,000
Transaction costs	(783)
	29,217



Notes to the Condensed Consolidated Interim Financial Statements

14. PROMISSORY NOTES PAYABLE

As at 30 September 2023, the promissory notes bore interest at 8% (31 March 2023: range from 5% to 8%) per annum and were repayable as follows:

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Within one year	10,000	20,000
After one year but within two years	55,000	30,000
	65,000	50,000
Less: Repayable within one year	(10,000)	(20,000)
Carrying amount shown under non-current liabilities	55,000	30,000

15. CONTINGENT LIABILITIES

As at 30 September 2023, the Group had no material contingent liabilities.





Results

During the Review Period, the Group's turnover was approximately HK\$120,962,000 as compared to approximately HK\$136,054,000 for the corresponding period in 2022, while the loss attributable to the owners of the Company was approximately HK\$26,658,000 as compared to the loss of approximately HK\$24,790,000 for the corresponding period in 2022.

Review of Operations

• Financial Services

The Group is a reputable financial service provider. To offer our clients a wide range of financial products and services, we hold a total of five licenses granted by the Securities and Futures Commission (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

There were two main factors in the Review Period that weakened investors' sentiment. One of these factors was the geopolitical tension, in particular, the Russia-Ukraine conflict. The other factor was the interest rate hikes in the United States. The Federal Reserve has kept interest rates at more than 5% during the Review Period. In Hong Kong, the prime rate quoted by The Hong Kong and Shanghai Banking Corporation Limited has been adjusted upwards twice during the Review Period, and these prime rate increases have impacted the Hong Kong stock market. The Hang Seng Index exhibited high volatility in the Review Period with an overall decrease over 2,500 points. The average daily turnover of the market for the nine months ended 30 September 2023 was approximately HK\$110 billion, a decrease of approximately 11% when compared to approximately HK\$124 billion for the nine months ended 30 September 2022.

We provide our clients with brokerage service in stock investment as well as subscribing for new shares in initial public offerings ("IPOs"). To accommodate to our clients' growing interest in investing in the global market, we offer our clients brokerage services for investing in shares that are listed in the Chinese mainland markets and overseas markets including Australia, Canada, Euronext, Germany, Switzerland, the United Kingdom, the United States and most of the Asian markets.

To facilitate clients' need to hedge against their investments in stock market, we offer brokerage service for futures investment products in the Review Period. In conjunction with our brokerage service to allow our clients to invest in China A-shares through the Stock Connects, we also offer clients brokerage service to invest in MSCI China A 50 Connect Index Futures contracts, providing an efficient risk management tool for investors to manage their Stock Connect China A-shares equity exposure.



Management Discussion and Analysis

During the Review Period, we have taken extra effort in building up our client base. The number of our active clients has increased by approximately 22% when compared to the corresponding period in 2022. However, due to the reduced activities in the IPO market and the decrease of average daily turnover in the Hong Kong stock market in the Review Period, our performance in the brokerage business was below our expectation.

During the Review Period, we managed the securities dealing turnover of approximately HK\$0.86 billion.

- **Brokerage Financing and Other Financing**

We offer our clients brokerage financing services for investments in stocks as well as for subscribing for new shares in IPO. To facilitate our clients' placement of their orders through our online trading platform, our brokerage financing service has been extended to our selected online margin and cash clients. We are committed to implementing effective credit control procedures and have complied with the tightened margin-financing rules required by the SFC.

As at 30 September 2023, the net balance of the brokerage financing loans stood at approximately HK\$32,936,000. In light of the sluggishness of the IPO market in Hong Kong in 2023, the Group did not record significant interest income from the IPO financing. In the Review Period, we managed to maintain a healthy brokerage loan portfolio. We kept the bad debt provision for our brokerage financing business at an immaterial level with our effective credit policy.

In addition to the brokerage financing services, our financial service segment also includes other financing services to clients pursuant to the Money Lenders Ordinance. As at 30 September 2023, the net balance of loans receivable for other financing services was approximately HK\$5,085,000. Out of HK\$5,085,000 approximately HK\$3,812,000 involved two clients to whom the loans were granted in the financial year ended 31 March 2020. There two loans were secured or backed by listed securities and/or provision of personal guarantees given by third parties. Because of their long-overdue status, the Group was in the legal process against the clients and/or the guarantors with a view to recovering such debts. No new loans under other financing services were granted for the financial years ended 31 March 2021, 2022 and 2023, and during the Review Period.

Approximately HK\$1,227,000 out of HK\$5,085,000 represented one client to whom two mortgage loans of HK\$3,520,000 and HK\$3,530,000, and one unsecured loan of HK\$125,000 were granted under mortgage financing business in the financial year ended 31 March 2023. The two mortgage loans were secured by two residential properties. During the Review Period, such client was in financial difficulty and sold the two residential properties to repay to the Group. The outstanding amount of approximately HK\$1,227,000 was reclassified under other financing services as at 30 September 2023. The Group was still in the process to recover such outstanding amount from such client.



- **Corporate Finance**

The Group's corporate finance services comprises acting as sponsor for IPOs, acting as financial adviser and compliance adviser for listed companies, and assisting clients to raise funds in the equity and debt capital markets.

During the Review Period, global IPO activities were impacted by increased market volatility and other unfavorable market conditions, along with the high interest rate environment. The Group has worked as the financial adviser for a GEM Board company to advise on the Listing Rules' requirement for its intention to transfer its listing from GEM Board to Main Board. The Group is also the sponsor for such GEM Board company to handle such transfer.

In addition to provision of sponsor and financial adviser services, the Group has also participated in certain placing, underwriting and sub-underwriting activities for our clients in the equity capital market. After the reopening of the border between Mainland China and Hong Kong, our corporate finance team has restarted its business visits to potential clients in Mainland China to explore business opportunities.

- **Asset Management**

Hong Kong has long been a preferred regional hub for asset management because of its proximity to Mainland China and its tax incentive policy for fund management companies. Hong Kong itself is also a member of Greater Bay Area (the "GBA"), which provides great opportunity for its development of wealth management service. With the Wealth Management Connect, investors from Mainland China in the GBA and/or Hong Kong can access to various investment products of each other's markets.

The Group, as an asset management service provider under the license granted by the SFC, may set up a fund investing in the market or industry specified by the clients based on each client's own unique investment needs and goals. As a fund manager, the Group may also provide our clients attractive, tailor-made investment solutions, which would allow the clients to diversify their investments, minimise their investment risk, and get a competitive return on their investments.

- **Mortgage Financing**

Other than the other financing service we provided under the financial services segment, the Group has also engaged in its mortgage financing business under the Money Lenders Ordinance since 2011.

To enhance our competitive edge in the marketplace and to provide our clients with greater flexibility, we offer three classes of loans, namely first, second and third mortgage loans. Usually, a client is required to offer his/her residential property in Hong Kong as collateral for the mortgage loan. As at 30 September 2023, the Group had 46 individual clients who were referred to it by its registered referral agents. The clients are Hong Kong residents of different background and education levels.



Management Discussion and Analysis

During the Review Period, the geopolitical tension and interest rate hikes continued to bring hurdles and uncertainties to the global economy as well as the market sentiment in Hong Kong. Facing such market volatility, the Group continued its strategy of maintaining a healthy portfolio as its first priority with a view to preserve its financial strength aiming for long-term profitability when the economy recovers. By maintaining a relatively lower size of its loan portfolio at approximately HK\$98,622,000 as at 30 September 2023, the Group did not relax its efforts in complying with the relevant ordinance and guidelines.

The loan sizes contained in the portfolio as at 30 September 2023 ranged from approximately HK\$100,000 to approximately HK\$5,683,000, and the amounts due from the single largest and the five largest clients were approximately HK\$9,333,000 and HK\$27,733,000 respectively, representing approximately 9.3% and 27.8% of such balance.

The interest rates offered to clients ranged from 6.0% to 26.4% per annum in our mortgage loan portfolio as at 30 September 2023. They were fixed based on the classes and tenors of the mortgage loans, the backgrounds, financial position, source and stability of income of the clients. The interest income for the Review Period was HK\$6,664,000.

- **Insurance Brokerage**

The Group engages in the distribution of insurance products to corporate and individual clients as well as acting as an MPF intermediary.

During the Review Period, our insurance brokerage business has not improved in terms of its profitability even after the reopening of border between the Mainland China and Hong Kong. The Group would continue to review the development direction of its insurance brokerage business including the possibility of realisation of such investment, which would allow the Group to reallocate its resources to other developments.

- **Property Development and Investment**

As at 31 March 2023, the Group held two investment properties, one of which is located at Sai Kung, Hong Kong (the "**Sai Kung Property**") and another of which is located at Fei Ngo Shan Road, Hong Kong (the "**Fei Ngo Shan Property**").

On 3 April 2023, the Group entered into a conditional provisional agreement for the sale and purchase of the entire equity interest of Ocean View Villa Limited (formerly known as Hoowin Limited) ("**Ocean View**"), which owns the Sai Kung Property, at a consideration of HK\$30,000,000 (the "**Disposal**"). On 30 June 2023, the Group completed the Disposal which resulted in a loss on disposal of approximately HK\$783,000. Proceeds upon the Disposal were utilised as intended. Details of the Disposal are set forth in the Company's announcements dated 3 April 2023 and 3 July 2023, and circular dated 25 May 2023.

The Fei Ngo Shan Property has a gross site area of more than 16,000 square feet and is located at the low-density luxurious section. As at 30 September 2023, the market value of the Fei Ngo Shan Property was approximately HK\$441,500,000. The Group expects that the Fei Ngo Shan Property would contribute to the Group a stable source of rental income in the foreseeable future.



- **Securities Trading**

As at 30 September 2023, the Group held a portfolio of listed securities investments consisting of 34 securities, which were engaged in the sectors of (i) financials; (ii) information technology; (iii) consumer discretionary; (iv) healthcare; (v) properties and construction; and (vi) others. The net realised and unrealised losses were approximately HK\$248,000 and approximately HK\$2,973,000, respectively, for the Review Period.

Prospects

The general economic conditions are expected to be challenging and uncertain in view of the geopolitical tension, high interest rates and weak investment sentiment.

As far as geopolitical tension is concerned, the Russia-Ukraine conflict has still been in progress. We have not seen any sign of ceasing nor any concession or ceasefire agreements likely to be reached. The recent outbreak of Israel-Gaza conflict has brought another shock to global markets. Although market reaction has been modest so far, it is still uncertain if such conflict could escalate into a broader regional conflict, which may have significant implications.

As to high interest rates, despite an increase of 25 basis points in July 2023, the Federal Reserve has kept the target range for the interest rate at a 22-year high of 5.25% to 5.5% in its meeting in September 2023. Although such decision is within market expectations, it is generally expected that there could be another hike in 2023. Interest rates in Hong Kong could be affected as Hong Kong dollar is pegged with United States dollar.

While the prospects remain uncertain due to recent development of geopolitical tension and high interest rates, we expect that investment sentiment in Hong Kong could still be conservative in the near term, and the economic growth in Hong Kong could still be constrained. The Group would persistently implement cautious and prudent measures to face possible market changes and look for potential investment opportunities, so as to enhance values to our shareholders.

Financial Review on Liquidity, Financial Resources, Capital Structure and pledge of assets

As at 30 September 2023, the Group's net asset value was approximately HK\$384,474,000 (31 March 2023: approximately HK\$411,132,000) and cash at bank and in hand were approximately HK\$34,984,000 (31 March 2023: HK\$62,568,000) of which approximately 91% was held in Hong Kong dollar, approximately 6% in US dollar, approximately 1% in New Taiwan dollar and approximately 2% in Renminbi.

As at 30 September 2023, the Group had bank overdraft of approximately HK\$7,820,000 (31 March 2023: Nil), bank loans of approximately HK\$142,190,000 (31 March 2023: HK\$154,555,000), other loans of approximately HK\$26,849,000 (31 March 2023: HK\$26,150,000), promissory notes payable of approximately HK\$65,000,000 (31 March 2023: HK\$50,000,000) and lease liabilities of approximately HK\$4,855,000 (31 March 2023: HK\$6,810,000). As at 31 March 2023, the Group had convertible bonds of approximately HK\$22,854,000, which bore interest at 6% per annum, were mature and redeemed in full in August 2023. The gearing ratio, calculated on the basis of the Group's total borrowings to the shareholders' fund, was about 0.64 (31 March 2023: 0.63).



Management Discussion and Analysis

As at 30 September 2023,

- (i) bank loans of approximately HK\$137,764,000 (31 March 2023: HK\$138,888,000) were interest-bearing at 1.9% (31 March 2023: 1.9%) per annum over Hong Kong Interbank Offered Rate ("**HIBOR**"), and were secured by the Fei Ngo Shan Property with a carrying value of approximately HK\$441,500,000 (31 March 2023: HK\$441,500,000);
- (ii) bank loans of approximately HK\$4,426,000 (31 March 2023: HK\$4,505,000) were interest-bearing at 1% per annum over Secured Overnight Financing Rate (31 March 2023: 1% per annum over London Interbank Offered Rate), were secured by the Fei Ngo Shan Property with a carrying value of approximately HK\$441,500,000 (31 March 2023: HK\$441,500,000), rental proceeds in respect of the Fei Ngo Shan Property, and an investment in a life insurance policy of the Group with a carrying amount of approximately HK\$6,907,000 (31 March 2023: HK\$6,845,000), and were guaranteed by the Company;
- (iii) other loans were interest-bearing at 2.75% (31 March 2023: 2.75%) above the Hong Kong Dollar Best Lending Rate per annum and secured by sub-charges/sub-mortgages on the first legal charges/mortgages of properties charged/mortgaged to the loans receivable of the group with carrying amount of approximately HK\$32,249,000 (31 March 2023: HK\$32,438,000) and jointly guaranteed by the Company and an entity within the Group;
- (iv) promissory notes payable bore interest at 8% (31 March 2023: range from 5% to 8%) per annum; and
- (v) the applicable interest rates for lease liabilities ranged from 2.80% to 6.89% (31 March 2023: 1.65% to 6.89%).

As at 31 March 2023, bank loans of approximately HK\$11,162,000 were interest-bearing at 2.75% per annum below Hong Kong Dollar Best Lending Rate as determined by the bank, and were secured by the Sai Kung Property with a carrying value of HK\$30,000,000 and the Company's corporate guarantee. During the Review Period, such bank loans were fully repaid subsequent the Disposal.

Credit Risk

For the financial services businesses, the Group is strictly in compliance with the Securities and Futures Ordinance (the "**SFO**"). Margin financing 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 the customer will be determined based on these factors. Generally, margin loans will be demanded for repayment once a customer fails to maintain the maintenance margin, or fails to repay the loan or any sum that is due to the Group.

For the Group's other financing service under its financial services segment, the loan may be secured by listed securities or a personal guarantee given by a third party. The market value of a client's listed securities as collaterals or the financial ability of the guarantor will be assessed before a loan drawdown.



Under the Group's mortgage financing business, the loans are usually secured by residential properties in Hong Kong. To lower the Group's exposure to the credit risk, the percentage of loan-to-value ("LTV") for the new drawdown in general will be within 80%. To have a more reliable market value of a client's property, the Group will obtain two verbal valuations from two reputable appraisers while the lower one, the written report of which will be issued prior to loan drawdown, will be used as the current market value in the calculation of LTV. The Chief Executive Officer's additional approval is required for a drawdown with the LTV exceeding 80%. Onsite inspection of the proposed mortgaged property will be conducted by our Loan Managers if the Credit Manager thinks it necessary before loan disbursement.

For the Group's financing businesses, the management will from time to time assess whether the credit risk of the loan receivables has increased significantly since their initial recognition. Other than the adverse effect to the economic environment arising from COVID-19, the factors to be considered for possible loan impairment include the clients' repayment track record and updated financial position, and the changes in market value of the clients' collaterals, and financial ability of their guarantors. After a drawdown, the management team will closely monitor the client's repayment status. When there is any default in repayment, the Group will contact such client via phone to urge him/her to settle the overdue amounts without further delay. In case the default in repayment persists, legal demand letters will be sent to the client through our lawyer(s). Accounts will be passed to debt collection agent(s) if a client does not give a positive response about the repayment plan or scheme such as loan restructuring or providing additional collateral. The Group will then take legal action against the client or his/her guarantor for recovery of debt. The Group will also take legal actions to enforce the possession of the defaulted client's property for auction if the loan is secured by a property.

For the insurance brokerage business, clients are required to pay premiums or fees to insurance companies directly, and the technical representatives of the Group would follow up clients' payment status to ensure that their payments are made on time to the insurance companies.

Compliance and Operational Risks

The Group has put in place effective internal control systems for its operations. Under the financial services businesses, the relevant monitoring teams comprised licensed responsible officers registered under the SFO and management who have acted in compliance with the SFO have been set up to monitor the operations and the settlement matters of traded financial products and cash, and to provide clients services of the regulated activities. As at 30 September 2023, the number of responsible officers of the Group for each regulated activity under the SFO were as follows:

Type of license	Regulated activity	Number of responsible officers
Type 1	Dealing in securities	4
Type 2	Dealing in futures contracts	1
Type 4	Advising on securities	4
Type 6	Advising on corporate finance	3
Type 9	Asset management	3



Management Discussion and Analysis

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 the Review Period, the financial services operation of the Group had complied with the SFO. Clients were satisfied with our services.

For the Group's other financing service under its financial services segment, in addition to the review on clients' personal information, such as copies of their identity cards and residential addresses, the clients' listed securities that are used as collateral must be under the Group's custody. In the case of a provision of personal guarantee, the Group will also review the guarantor's financial position. If the guarantor owns a property, land search will be made for the proof of property ownership.

The Group has its internal assessment and work procedure in granting a mortgage loan. When a client is referred to the Group by its registered referral agent, a loan application form setting out the potential client's personal information and financial position, including his/her source of income and amount of income, the market value of the property as collateral, and details of the outstanding mortgage (if any) with banks or other financing company will be submitted to the director who is responsible for the mortgage financing business for approval. Together with the loan application form, the following documents will be verified or reviewed: (i) copy of identity card or passport; (ii) copy of income proof, such as tax demand note, salary payroll receipt, employment contract or tenancy agreement; (iii) copy of residential address proof of the latest three months, such as utility bills, tax return or bank statement; (iv) legal search for the credit worthiness assessment; and (v) land search report for the proof of property ownership.

In addition to the know-your-client procedure, the Group will also observe the requirement to comply with the anti-money laundering and counter terrorist financing regulations for its financing businesses. For our mortgage financing business, to promote clients' awareness of the requirements of the Money Lenders Ordinance, a Summary of Provisions of the Money Lenders Ordinance will be attached, for client's reference, to the loan agreement to be entered between the Group and its client. For the Review Period, our operation had complied with the Money Lenders Ordinance and the applicable guidelines.

Under the insurance brokerage business, the responsible officer and the technical representatives are registered under the Insurance Ordinance, and they are required to act in compliance with that ordinance.

Interest Rate Risk

During the Review Period, 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.

Liquidity Risk

The Group's policy is to regularly assess the current and expected liquidity requirements of the Group and to ensure that it maintains reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements. As at 30 September 2023, the amount of undrawn banking facilities of the Group was approximately HK\$18,753,000.



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 in listed shares 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 the Review Period, the Group's business activities as well as its assets and liabilities were mainly denominated in Hong Kong dollar, US dollar, New Taiwan dollar and Renminbi. In light of (i) the exchange rate peg between the Hong Kong dollar and US dollar; (ii) the offset each other for assets and liabilities that were denominated in New Taiwan dollar; and (iii) the immaterial balance of assets or liabilities denominated in Renminbi when compared to the Group's total assets or liabilities, the Group considers its foreign exchange risk immaterial for the Review Period.

Cyber Security Risk

The Group defines its cyber security risk as the risk to the Group's assets and operations due to the potential unauthorised access, use, disruption, modification or destruction of its operation systems.

In addition to the designated information technology ("IT") employee who is responsible for overseeing the operation of the Group's server and online trading systems, the Group also engages an external IT consultancy company which advises the Group on maintaining a high level of risk control with respect to cyber security risk. This external IT consultancy also provides us advanced IT support and useful suggestions for the improvement or enhancement of our internal computer system to reduce the probability of cyber security risk.

The Group subscribes its trading operation systems from outside system service providers, and backs up the transaction records and clients' information on a daily basis. A back-up restoration test will be carried out as the management may from time to time determine. Also, we will assess the access right to operation systems by the management on a regular basis with a view to prevent unauthorised access or use of the systems.

The IT employee will perform the cyber security risk evaluation and report it to the management for review. To promote the awareness of the cyber security risk surrounding our operation systems, we provide our staff the latest cyber security risk information and relevant training from time to time.

Staff

As at 30 September 2023, the Group had 63 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 appraisals and other relevant factors. The Group also maintains certain staff benefit plans including medical insurance, hospitalisation scheme and mandatory provident fund.



Directors’ Interests in Securities

As at 30 September 2023, the interests or short positions of the Director or chief executive of the Company 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 of the Listing Rules (the “**Model Code**”) were as follows:

	Nature of Interest	Number of ordinary shares	Number of underlying shares	Total	Percentage
Mr. Cheung Hoo Win (note)	Interest of controlled corporation	389,799,559	77,959,912	467,759,471	65.95%

Note: As at 30 September 2023, Kenvonion Family Limited (“**Kenvonia**”), which was beneficially owned as to 33.33% by Mr. Cheung Hoo Win, held 389,799,559 ordinary shares and 77,959,912 underlying shares of the Company, representing approximately 65.95% of the issued Shares of the Company. By virtue of the SFO, Mr. Cheung Hoo Win was deemed to be interested in the shares held by Kenvonion.

All the interests stated above represented long positions. As at 30 September 2023, no short positions were recorded in the Register of Directors’ and Chief Executive’s Interests and Short Positions required to be kept under Section 352 of the SFO.

Save as disclosed above, as at 30 September 2023, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



Substantial Shareholders

As at 30 September 2023, so far as is known to the Directors, the following entity and persons (not being a Director or chief executive of the Company) had an interest or a short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange.

The register of substantial shareholders maintained under Section 336 of the SFO shows that, as at 30 September 2023, the Company had been notified of the following interests in the Company:

	Nature of Interest	Number of ordinary shares	Number of underlying shares	Total	Percentage
Kenvonia	Beneficial owner	389,799,559	77,959,912	467,759,471	65.95%
Ms. Cheung Lok Chi (note 1)	Interest of controlled corporation	389,799,559	77,959,912	467,759,471	65.95%
Mr. Cheung Hoo Yin (note 2)	Interest of controlled corporation	389,799,559	77,959,912	467,759,471	65.95%
	Beneficial owner	38,816,381	7,763,276	46,579,657	6.56%
		428,615,940	85,723,188	514,339,128	72.51%

Notes:

- Each of Ms. Cheung Lok Chi and Mr. Cheung Hoo Yin owned approximately 33.33% of the interests in Kenvonia. By virtue of the SFO, both Ms. Cheung Lok Chi and Mr. Cheung Hoo Yin were deemed to be interested in the shares held by Kenvonia.
- In addition to the interest in Kenvonia, Mr. Cheung Hoo Yin personally held 38,816,381 ordinary shares and 7,763,276 underlying shares of the Company.

Save as disclosed above, as at 30 September 2023, so far as is known to the Directors, the Directors were not aware of any other entities or persons (not being a Director or chief executive of the Company) had interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of the Company.



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.

Save as disclosed below, in the opinion of the Directors, the Company had complied with the code provisions in the Corporate Governance Code contained in Appendix 14 to the Listing Rules and there have been no material deviations from the Corporate Governance Code during the Review Period.

Code Provision C.1.6 – One independent non-executive Director was unable to attend the special general meeting held on 15 September 2023 as he had other engagements.

Model Code for Securities Transactions by Directors

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 during the Review Period.



Share Option Scheme

The Company had a share option scheme (the “**Scheme**”) which enabled the Company to grant options to the participants in recognition of their contributions 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 or supplier of the Group so that they can subscribe for the shares of the Company. The Scheme expired on 21 September 2022.

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 might be issued upon exercise of all the options to be granted under the Scheme and any other share option schemes of the Company was 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 to 482,125,176 shares. The Scheme Limit was further refreshed to 639,480,610 shares at the annual general meeting held on 24 September 2020, and was subsequently consolidated into 63,948,061 shares upon the share consolidation having become effective on 28 September 2020.

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 independent non-executive Directors (the “**INEDs**”).

The exercise price of the share options is determined by the Directors. However, the exercise price could not 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 onto the share option holders to receive dividends or vote at shareholders’ meetings.

Under the Scheme, the offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a consideration of HK\$1 in total by the grantee. An option which is vested and has not lapsed may be exercised at any time during such period notified by the Board as not exceeding 10 years from the date of grant.

On 16 May 2019, the Company granted share options (the “**Share Options**”) under the Scheme. The Share Options were vested immediately upon the date of grant and then exercisable within a period of three years, which lapsed on 16 May 2022. The adjusted closing price of the shares of the Company on the date immediately before the date of grant was HK\$0.84 per share. Each Share Option gave the holder the right to subscribe for one ordinary share in the Company.



Share Option Scheme

The following table sets out the movements in the Share Options during the six months ended 30 September 2022:

Category of participants	Date of grant	Exercise period	Adjusted exercise price HK\$	Adjusted average closing price for five business days preceding the date of grant HK\$	Adjusted number of share options				
					At 1 April 2022	Granted during the period	Exercised during the period	Lapsed or cancelled during the period	At 30 September 2022
Employees	16 May 2019	16 May 2019 to 16 May 2022	0.83	0.83	30,565,000	-	-	(30,565,000)	-



Related Party Transactions

During the Review Period, 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 key management personnel of the Group:

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Short-term benefits	1,044	987
Post-employment benefits	18	18
	1,062	1,005

Key management of the Group are the executive Directors. The emoluments of Directors were determined by the Remuneration Committee having regard to the performance of individual and market trends.

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

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Commission received from Mr. Cheung Chi Shing ("Mr. Cheung") (note 1)	28	28
Commission received from Mr. Cheung Hoo Win ("Mr. Hoowin Cheung") (note 1)	1	1
Commission received from Mr. Cheung Hoo Yin ("Mr. Hooyin Cheung") (note 2)	14	20
Commission received from Cheung Lok Chi ("Ms. Cheung") (note 2)	35	–
Interest paid to Elfie Limited (note 2)	432	889
Interest paid to Kenvonia Family Limited (note 3)	1,490	–



Related Party Transactions

Note 1: Mr. Cheung is the father of Mr. Hoowin Cheung, the executive Director and Chief Executive Officer of the Company. Mr. Cheung was also a substantial shareholder of the Company before 15 December 2022.

Note 2: Elfie Limited is beneficially owned by Mr. Cheung and Ms. Yeung Han Yi Yvonne ("**Ms. Yeung**"). The directors of Elfie Limited are Mr. Hoowin Cheung, Ms. Cheung and Mr. Hooyin Cheung. Ms. Cheung and Mr. Hooyin Cheung are also the children of Mr. Cheung and Ms. Yeung. Ms. Yeung was also a substantial shareholder of the Company before 15 December 2022. Mr. Hoowin Cheung, Ms. Cheung and Mr. Hooyin Cheung are the shareholders and directors of Kenvonia Family Limited, which has become a controlling shareholder of the Company since 15 December 2022.

Note 3: Kenvonia Family Limited has become the immediate and ultimate holding company of the Company following the satisfaction of the condition to cash offer.

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

	As at 30 September 2023 (Unaudited) HK\$'000	As at 31 March 2023 (Audited) HK\$'000
Accounts payable (note 1):		
Amount due to Mr. Cheung	36	2,873
Amount due to Ms. Yeung	142	56
Amount due to K.Y. Limited (note 2)	230	230
Amount due to Mr. Hoowin Cheung	1,033	1,085
Amount due to Ms. Cheung	1,266	1,208
Amount due to Mr. Hooyin Cheung	45	125
Amount due to Mr. Cheng Tze Hin (" Mr. Cheng ") (note 3)	27	14
Amount due to Kenvonia Family Limited	935	935
Promissory notes payable (note 4):		
Amount due to Elfie Limited	10,000	20,000
Amount due to Kenvonia Family Limited	55,000	30,000
Interest payable on promissory notes:		
Amount due to Elfie Limited	1,290	1,393
Amount due to Kenvonia Family Limited	1,497	6

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

Note 2: Mr. Cheung and Mr. Yeung are the directors of K.Y. Limited.

Note 3: Mr. Cheng is the husband of Ms. Cheung.

Note 4: The interest rates for the promissory notes payable were at 8% (31 March 2023: range from 5% to 8%) per annum.



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 the Review Period.

Bonus Issue of Warrants

On 18 August 2023, 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 18 August 2023 and the circular of the Company dated 31 August 2023 (the "**Warrant Circular**"). On 15 September 2023, the shareholders approved the Bonus Issue of Warrants, pursuant to which 141,863,002 warrants were issued. The initial subscription price was HK\$0.138 and the subscription period was from 5 October 2023 to 4 October 2024 (both days inclusive). Full exercise of the subscription rights attaching to the 141,863,002 warrants would result in the issue of 141,863,002 new shares. As disclosed in the Warrant Circular, the Group would apply any subscription monies received as and when the subscription rights were exercised for the general working capital of the Group, including administrative expenses, and financing or funding principal activities of the Group.



Review by Audit Committee

The Company has an Audit Committee comprising three 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
Li Hancheng
Non-executive Chairman

Hong Kong, 24 November 2023



大凌集團有限公司
STYLAND HOLDINGS LIMITED

(股份代號 Stock Code: 0211)

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