

Asia-Pac Financial Investment Company Limited

亞太金融投資有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8193



ANNUAL REPORT **2021**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors of Asia-Pac Financial Investment Company Limited (the "Company" and the "Directors", respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

This report, in both English and Chinese versions, is available on the Company's website at www.gca.com.hk.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ip Kwok Kwong (*Managing Director*)
Mr. Wu Di

Independent Non-executive Directors

Mr. Sek Wai Kit (appointed on 31 October 2020)
Mr. So Kwok Yun
Mr. Tang Wai Kee
Mr. Cheung Ka Chun (resigned on 31 October 2020)

BOARD COMMITTEES

Audit Committee

Mr. Sek Wai Kit (*Chairman*) (appointed on 31 October 2020)
Mr. Cheung Ka Chun (*Chairman*)
(resigned on 31 October 2020)
Mr. So Kwok Yun
Mr. Tang Wai Kee

Remuneration Committee

Mr. So Kwok Yun (*Chairman*)
Mr. Ip Kwok Kwong
Mr. Cheung Ka Chun
(resigned on 31 October 2020)
Mr. Sek Wai Kit (appointed on 31 October 2020)
Mr. Tang Wai Kee
Mr. Wu Di

Nomination Committee

Mr. Tang Wai Kee (*Chairman*)
Mr. Ip Kwok Kwong
Mr. Cheung Ka Chun
(resigned on 31 October 2020)
Mr. Sek Wai Kit (appointed on 31 October 2020)
Mr. So Kwok Yun
Mr. Wu Di

COMPANY SECRETARY

Ms. Cheng Lucy

COMPLIANCE OFFICER

Mr. Ip Kwok Kwong

AUTHORISED REPRESENTATIVES

Ms. Cheng Lucy
Mr. Ip Kwok Kwong

PRINCIPAL BANKERS

China Citic Bank International Limited
China Construction Bank (Asia) Corporation Limited
OCBC Wing Hang Bank Limited

INDEPENDENT AUDITOR

McMillan Woods (Hong Kong) CPA Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2709, 27th Floor
Shui On Centre
6–8 Harbour Road
Wanchai
Hong Kong

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

CORPORATE WEBSITE

www.gca.com.hk

STOCK CODE

8193

MANAGING DIRECTOR'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "Board"), I am pleased to present the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2021 (the "Year").

RESULTS

During the Year, the Group recorded a revenue of approximately HK\$43.2 million, representing a decrease of approximately 5.9% as compared to that of last financial year. Loss attributable to owners of the Company was approximately HK\$4.2 million, representing a decrease of approximately 96.6% as compared to that of last financial year. The decrease in loss attributable to owners of the Company was mainly attributable to the decrease in the impairment losses on goodwill which amounted to approximately HK\$2.8 million for the Year as compared to approximately HK\$40.0 million for last financial year and total net gain on fair value change on financial assets at fair value through profit or loss ("FVTPL") and gain on disposal of financial assets at FVTPL, which collectively amounted to approximately HK\$19.0 million for the Year as compared to a total net loss of approximately HK\$25.5 million for the last financial year.

BUSINESS OF THE GROUP

The Group's business can be broadly categorised into four main sectors: (i) asset advisory services and asset appraisal, (ii) corporate services and consultancy, (iii) media advertising, and (iv) financial services. Detailed discussion of the business and performance of each sector is set out in the section headed "Management Discussion and Analysis" of this annual report.

OUTLOOK

Looking ahead, the revenue from each of the sectors of asset advisory and corporate consultancy services remains promising with a steady demand for professional commercial services in the People's Republic of China (the "PRC"), Taiwan, Hong Kong and Macau (together, the "Greater China"). As companies in the Greater China, especially in the PRC, continue to expand in corporate size, operational complexity and geographical diversification as well as undergo restructuring, listing and mergers and acquisitions, the demand for a leading professional advisor on asset value, procedures and regulations, as well as investment matching is expected to remain high. In view of the Group's existing competitive advantages and market position in its core business segments, the Group is confident that its experienced professional teams and provision of convenient one-stop professional services will keep it well-positioned to capture the surging business opportunities.

Due to the keen competition in the media advertising industry in the PRC and reduced demand from freezing of marketing spend in view of outbreak of COVID-19, the Group will dedicate more efforts to broaden its customer base, improve cost control and actively adjust the business strategy in respond to the latest market changes.

The financial services segment is expected to be stable in coming year. The Group will continue its effort to enhance our competitiveness within the ever changing industry and economy. The Group will closely monitor its cash position, and will continue to seek investment and business opportunities, with a view to achieving a sustainable growth, increasing profitability and ultimately maximising the return to the shareholders of the Company (the "Shareholders").

APPRECIATION

On behalf of the Board, I would like to express my gratitude to the Shareholders, Directors and business partners for their continued support and trust. I would also like to thank all of our management and staff for their diligence and contributions to the Group.

Ip Kwok Kwong

Executive Director and Managing Director

Hong Kong, 23 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Results of the Group

The Group's revenue for the Year was approximately HK\$43.2 million (2020: approximately HK\$46.0 million), representing a decrease of approximately 5.9% from that of 2020. The decrease was mainly attributable to the decrease in revenue arising from the corporate services and consultancy services and media advertising services due to the impact of the COVID-19 epidemic.

The Group's cost of sales mainly consists of direct labour cost, material cost and sub-contracting charges. During the Year, the Group's cost of sales and services rendered was approximately HK\$11.3 million (2020: approximately HK\$18.0 million), representing a decrease of approximately 37.3% from that of 2020. The decrease was mainly attributable to lower staff costs as the number of staff reduced.

The Group's other income mainly consists of sub-leasing income, gain on lease modification and sundry income. During the Year, the other income was approximately HK\$10.6 million (2020: approximately HK\$2.7 million), representing an increase of approximately 290.6% from that of 2020. The increase was mainly attributable to the gain on lease modification of approximately HK\$6.8 million recognised during the Year (2020: nil).

The Group's administrative expenses for the Year were approximately HK\$35.2 million (2020: approximately HK\$46.8 million), representing a decrease of approximately 24.8% from those of 2020. The decrease was mainly attributable to the one-off share-based payment expenses of approximately HK\$13.0 million recognised during last financial year.

The Group's total net gain on fair value change on financial assets at FVTPL and gain on disposal of financial assets at FVTPL for the Year were approximately HK\$19.0 million (2020: net loss of approximately HK\$25.5 million). Details are set out in the section headed "Significant Investments Held" in this annual report.

The Group's finance costs for the Year were approximately HK\$2.7 million (2020: approximately HK\$4.0 million), representing a decrease of approximately 33.1% from those of 2020. The decrease was attributable to the decreases in interest expenses on bank and other borrowings and interest expenses on lease liabilities.

The loss attributable to owners of the Company for the Year was approximately HK\$4.2 million (2020: approximately HK\$126.5 million) representing a decrease of approximately 96.6%. The substantial decrease in the loss was mainly attributable to the decrease in impairment loss on goodwill which amounted to approximately HK\$2.8 million for the Year as compared to approximately HK\$40.0 million for last financial year and total net gain on fair value change on financial assets at FVTPL and gain on disposal of financial assets at FVTPL, which collectively amounted to approximately HK\$19.0 million for the Year as compared to a total net loss of approximately HK\$25.5 million for the last financial year.

Results of the segments

Asset Advisory and Asset Appraisal Services

Asset advisory and asset appraisal services are the core business of the Group, which typically involves provision of independent valuation services to a number of listed groups to meet market, regulatory and fiduciary requirements, sourcing and identifying potential investment opportunities or investors, undertaking due diligence and evaluation on the underlying assets and provision of procedural and strategic business advices. Such services income is primarily success-based or project-based nature. Revenue from asset advisory and asset appraisal services during the Year slightly decreased to approximately HK\$27.4 million from approximately HK\$27.9 million for the year ended 31 March 2020, representing a decrease of approximately 1.9%.

MANAGEMENT DISCUSSION AND ANALYSIS

Corporate Services and Consultancy Services

The corporate services and consultancy services segment mainly focuses on provision of advice to corporations in areas such as corporate governance, internal control, enterprise risk management and other operational aspects as well as provision of back office administration. Owing to its non-recurring nature, revenue generated from the provision of corporate services and consultancy during the Year was approximately HK\$0.7 million (2020: approximately HK\$1.6 million), representing a decrease of approximately 58.1%. The decrease was primary due to decrease in consultancy services provided during the Year as a result of reduced demand under pandemic.

The revenue from asset advisory and asset appraisal services, and corporate services and consultancy services are primarily generated from mandates on a project-by-project basis, each of which may vary in scope, size and complexity of services to be rendered. In addition, the terms and conditions of each mandate, including its payment schedule, are negotiated and determined on a project-by-project basis. For asset appraisal, fees are payable by stage payment based on milestone agreed with clients. If the underlying project does not reach any particular milestone, the Group will not be entitled to the corresponding service fee. Fees charged by the Group in respect of its asset advisory services and corporate consultancy business to a large extent are success-based or performance-based. If a project cannot be carried through to completion, or there is no successful underlying transaction, or performance target cannot be attained, or where the project is put on hold by client, the Group will not be entitled to such portion of the fees even if a substantial amount of time and effort has been expended. As a result, the income and profitability of the Group may be unpredictable. Through the Group's continuous expansion of its operation, the client base and income source would be diversified and increase to minimise the risk of such uncertainties.

Media Advertising Services

Advertising income is generated mainly through its in-elevator poster frames network and liquid-crystal-display network inside elevators or lift lobbies of the middle to high-end residential communities. This business segment brought approximately HK\$2.7 million (2020: approximately HK\$3.7 million) advertising income to the Group during the Year, representing a decrease of approximately 27.4% as compared to that of the year ended 31 March 2020. The decrease in the advertising income was mainly due to decrease in advertising projects during the Year due to keen competition in the media advertising industry and reduced demand under outbreak of COVID-19.

Financial Services

The financial services segment mainly represents the provision of services relating to the dealing in securities via a licensed corporation under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO") and provision of money lending services.

The provision of services relating to the dealing in securities mainly involves provision of Type 1 (dealing on securities) regulated activities and services under the SFO while the money lending business mainly involves provision of financial credit services such as personal loans and commercial loans to individuals and corporations.

In view of the unstable economic outlook of Hong Kong and evaluation of the current businesses of the Group, it will be difficult for the Group's Type 1 licensed corporation to achieve growth without commitment of significant working capital, the Group has entered into a sale and purchase agreement to dispose the licensed corporation on 7 January 2021. For details, please refer to the Company's announcement dated 7 January 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

The money lending business remained stable during the Year. This business segment contributed approximately HK\$12.5 million (2020: approximately HK\$12.8 million) to the Group's revenue for the Year, representing a slight decrease of approximately 2.3% as compared to that of the year ended 31 March 2020.

REVIEW ON PROVISION OF FINANCIAL ASSISTANCE

During the Year, none of the financial assistance provided by the Group constituted "discloseable transaction" under Chapter 19 of the GEM Listing Rules, "connected transaction" under Chapter 20 of the GEM Listing Rules and "advances to entity" which requires disclosure pursuant to Chapter 17 of the GEM Listing Rules.

FUTURE PROSPECT

Looking ahead, the revenue from each of the sectors of asset advisory and corporate consultancy services remains promising with a steady demand for professional commercial services in the Greater China. As companies in the Greater China, especially in the PRC, continue to expand in corporate size, operational complexity and geographical diversification as well as undergo restructuring, listing and mergers and acquisitions, the demand for a leading professional advisor on asset value, procedures and regulations, as well as investment matching are expected to remain high. In view of the Group's existing competitive advantages and market position in its core business segments, the Group is confident that its experienced professional teams and provision of convenient one-stop professional services will keep it well-positioned to capture the surging business opportunities.

Due to the keen competition in the media advertising industry in the PRC and reduced demand from freezing of marketing spend in view of outbreak of COVID-19, the Group will dedicate more efforts to broaden its customer base, improve cost control and actively adjust the business strategy in respond to the latest market changes.

The financial services segment is expected to be stable in coming year. The Group will closely monitor the credit risks and continue its effort to enhance our competitiveness within the ever changing industry and economy, so as to ensure a proper balance between return and risk.

The Group will closely monitor its cash position, and will continue to seek investment and business opportunities, with a view to achieving a sustainable growth, increasing profitability and ultimately maximising the return to the Shareholders.

FOREIGN EXCHANGE EXPOSURE

The majority of the Group's businesses is carried out in Hong Kong and the PRC and is denominated in Hong Kong dollars ("HK\$"), Renminbi ("RMB"), and United States dollars. The Group is of the opinion that its exposure to foreign exchange rate risk is limited. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the Group had bank balances and cash of approximately HK\$48.5 million (2020: approximately HK\$10.3 million). Bank balances and cash were mainly denominated in HK\$ and RMB. As at 31 March 2021, the Group had net current assets of approximately HK\$126.9 million (2020: approximately HK\$83.3 million). Current ratio as at 31 March 2021, as calculated based on dividing current assets by current liabilities, was approximately 2.5 (2020: approximately 2.2).

The Group's operations and investments are financed principally by revenue generated from business operations and available bank balances. As at 31 March 2021, the Group had total borrowings (comprising borrowings and promissory notes) of approximately HK\$66.3 million (2020: approximately HK\$65.9 million) and a net gearing ratio, which is defined as net debt (total borrowings net of cash and bank balances) over total equity of approximately 0.08 (2020: approximately 0.51) was resulted. As at 31 March 2021, the borrowings represented bank loan of approximately HK\$1.1 million (2020: approximately HK\$1.4 million), bank overdrafts of approximately HK\$1.2 million (2020: HK\$3.3 million) and other loan repayable of HK\$5.2 million (2020: HK\$4.0 million). All borrowings and promissory notes are denominated in HK\$. The bank loan was interest-bearing at the fixed interest rate of 2.5% (2020: 2.5%) per annum and the bank overdrafts was interest-bearing at the average floating interest rate of 4.5% (2020: 4.5%) per annum, while the other loan repayable were interest-bearing at 12% and 15% (2020: 12% and 36%) per annum. The promissory notes were interest-bearing at 3% (2020: 3%) per annum. For details of promissory notes, please refer to note 34 to the consolidated financial statements in this annual report.

CAPITAL REORGANISATION AND RIGHTS ISSUE

An extraordinary general meeting of the Company (the "EGM") was convened on 17 August 2020 to approve the reorganisation of the share capital of the Company involving the share consolidation, the capital reduction and the share sub-division as well as the change in board lot size. The share consolidation and change in the board lot size became effective on 19 August 2020 while the capital reduction and the share sub-division became effective on 19 November 2020. For further details, please refer to the announcements of the Company dated 7 July, 17 July, 20 July, 17 August, 24 September and 19 November 2020 and the circular of the Company dated 24 July 2020.

An EGM was convened on 6 January 2021 to approve the increase in authorised share capital and a rights issue of 874,433,790 rights shares at a subscription price of HK\$0.05 per rights share (the "Rights Issue") on the basis of three rights shares for every one existing share held by the qualifying shareholders on 18 January 2021, being the record date to determine entitlements to the Rights Issue. For further details, please refer to the announcements of the Company dated 5 November, 11 November, 24 November 2020 and 6 January, 8 February and 19 February 2021, the circular of the Company dated 15 December 2020 and the Company's prospectus in relation to the Rights Issue dated 19 January 2021.

CAPITAL STRUCTURE

Details of the Company's share capital are set out in note 36 to the consolidated financial statements in this annual report.

CAPITAL COMMITMENT

As at 31 March 2021 and 2020, the Group did not have any significant capital commitments.

OPERATING LEASE COMMITMENTS

As at 31 March 2021, the Group did not have any significant lease commitments (2020: approximately HK\$27,000).

MANAGEMENT DISCUSSION AND ANALYSIS

NET PROCEEDS FROM THE RIGHTS ISSUE

The net proceeds raised from the Rights Issue, after deducting the relevant expenses, was approximately HK\$42.2 million. The table below sets out the proposed application and the actual usage of the net proceeds from the Rights Issue as at 31 March 2021 as follows:

	Planned use of net proceeds (HK\$)	Actual use of the net proceeds up to 31 March 2021 (HK\$)	Unused net proceeds as at 31 March 2021 (HK\$)	Expected timeframe of full utilisation of unused net proceeds
Repayment of Promissory Notes 2	37.2 million	–	37.2 million	By 30 June 2021
General Working Capital	5.0 million	–	5.0 million	By 31 December 2021

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2021, the Group's financial assets at FVTPL, with market value of approximately HK\$49.7 million (2020: approximately HK\$12.1 million). Details of the financial assets at FVTPL were set out as follows:

Name of securities	Investment cost HK\$'000	Number of shares held	Approximately percentage of shareholding interest	As at 31 March 2021			For the year ended 31 March 2021		As at 31 March 2020
				Fair value/ carrying value HK\$'000	Approximately percentage to the financial assets at FVTPL	Approximately percentage to the net assets	Realised gain HK\$'000	Unrealised gain HK\$'000	Fair value/ carrying value HK\$'000
WLS Holdings Limited ("WLS") (Stock code: 8021) (Note 1)	17,197	250,300,000	1.74%	9,261	18.6%	5.6%	–	2,252	7,000
Other investments (Notes 2)	37,570			40,406	81.4%	24.5%	450	16,325	5,101
	54,767			49,667	100%	30.1%	450	18,577	12,101

Notes:

1. WLS is principally engaged in the provision of scaffolding and fitting-out services, management contracting services, other services for construction and buildings work, money lending business and trading of securities in Hong Kong.
2. The fair value of each of these investments represented less than 5% of the net assets of the Group as at 31 March 2021.

During the Year, the Group recorded a realised gain of approximately HK\$450,000 (2020: realised loss of approximately HK\$13.9 million) and a net unrealised gain of approximately HK\$18.6 million (2020: unrealised loss of approximately HK\$11.6 million). The overall gain on the listed equity securities held was mainly due to the volatile stock market conditions during the Year.

The future performance of the equity securities may be influenced by the Hong Kong stock market. In this regard, the Group will continue to maintain a diversified investment portfolio and closely monitor the performance of its investments and the market trends to adjust its investment strategies.

Save as disclosed above, there were no other significant investments held as at 31 March 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

In January 2021, Zhong Nan Investments Limited, a wholly-owned subsidiary of the Company, disposed of a 100% equity interest in IAM Group Inc, a wholly-owned subsidiary of the Company, which is principally engaged in provision of dealing in securities, to an independent third party at a consideration of approximately HK\$6.3 million.

Save as disclosed above, there were no other material acquisitions and disposals of subsidiaries, associates and joint ventures during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, the Group did not have other plans for material investments and capital assets as of 31 March 2021.

CHARGES ON ASSETS

At 31 March 2021, the carrying amount of deposits placed for life insurance policies held by the Group amounted to approximately HK\$2.8 million (2020: HK\$2.8 million) was pledged to bank to secure the bank loan and overdrafts granted to the Group.

CONTINGENT LIABILITIES

As at 31 March 2021 and 2020, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group employed 24 (31 March 2020: 47) employees. Total staff costs (including Directors' emoluments) were approximately HK\$9.0 million (2020: approximately HK\$31.6 million) for the Year. Employees' remuneration, promotion and salary increments are assessed based on both individual's and Company's performance and individual's professional and working experience and by reference to the prevailing market practice and standards. The Company has adopted a share option scheme for the grant of share options to eligible participants. The Group also provides and arranges on-the-job training for the employee. The Group regards quality staff as one of the key factors to corporate success.

EVENT AFTER THE REPORTING PERIOD

Please refer to note 44 to the consolidated financial statements in this annual report.

BIOGRAPHIES OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Ip Kwok Kwong (“Mr. Ip”), aged 60, is one of the founding directors of the Group and was appointed as an executive Director and the managing director of the Company (the “Managing Director”) in December 2010. He is the compliance officer and an authorised representative of the Company. He is also a member of each of the remuneration committee (the “Remuneration Committee”) and the nomination committee (the “Nomination Committee”) of the Board, and a director of certain subsidiaries of the Company. Mr. Ip is responsible for overall management and development including frontline co-ordination with clients, organisations as well as formulation of development strategy of the Group. Professionally, Mr. Ip is a Chartered Valuation Surveyor, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance of Hong Kong and a Registered Business Valuer of the Hong Kong Business Valuation Forum. Mr. Ip was appointed as a committee member of the People’s Political Consultative Conference of Harbin, the PRC in the second half of 2011 after having received the Outstanding Entrepreneurship Award from the Enterprise Asia, a non-governmental organisation for entrepreneurship in mid-2011.

Mr. Wu Di (“Mr. Wu”), aged 40, was appointed as a non-executive Director on 20 November 2014 and redesignated as an executive Director on 20 July 2015. He was appointed as a member of each of the Remuneration Committee and the Nomination Committee on 10 May 2017. Mr. Wu is a director of certain subsidiaries of the Company. He holds a bachelor’s degree in business administration from the Dongbei University of Finance and Economics (東北財經大學) in the PRC. He has about 16 years of experience in strategic planning, corporate management and business development. He has worked for various corporations and held management positions.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Sek Wai Kit (“Mr. Sek”), aged 39, was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee with effect from 31 October 2020. He was awarded a Bachelor of Business (Accounting) degree from the Australian Catholic University in 2004. He has been a member of CPA Australia since 2009. Mr. Sek has over ten years of experience in the field of audit and accounting and is the head of finance department of Sheung Moon Holdings Limited, a company listed on Stock Exchange (stock code: 8523) since November 2016.

Mr. So Kwok Yun (“Mr. So”), aged 59, was appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of Audit Committee and the Nomination Committee on 15 December 2017. He obtained a Bachelor of Arts (Architectural Studies) degree and a Bachelor of Architecture degree from the University of Hong Kong in 1984 and 1986, respectively. He was admitted as a member of the Hong Kong Institute of Architects in 1988 and a member of the Royal Institute of British Architects in 1990. He is also currently registered as an Authorized Person under the Buildings Ordinance (Chapter 123 of the laws of Hong Kong) and a Registered Architect in Hong Kong under the Architects Registration Ordinance (Chapter 408 of the laws of Hong Kong). Mr. So has over thirty years of experience in the field of architecture and project management. He has taken up managerial positions with various established architecture and property development companies and was involved in a number of major commercial and residential property projects in Hong Kong, China and overseas. In 2003, Mr. So founded his architecture designing business in Shanghai, China. He further established DPS Design (SH) Co., Ltd.* (世天建築諮詢(上海)有限公司) in 2010 and has been serving as the managing director since its establishment.

* For identification purpose only

BIOGRAPHIES OF DIRECTORS

Mr. Tang Wai Kee (“Mr. Tang”), aged 59, was appointed as an independent non-executive Director, the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee on 28 September 2017. He obtained a Bachelor of Science degree majoring in biology from the Chinese University of Hong Kong in 1983 and a Master of Science degree in financial economics from the University of London in 1995. Mr. Tang has over ten years of experience in the field of securities, futures and asset management. He has served as a responsible officer and/or licensed representative in various licensed corporations carrying out regulated activities under the SFO. Mr. Tang is currently licensed to carry out Types 1, 4 and 9 regulated activities under Schedule 5 of the SFO. Mr. Tang is also the Senior Associate of The Financial Services Institute of Australasia, the member of Risk Management Institute of Australasia, Hong Kong Stockbrokers Association Limited and the Market Technician Association respectively.



CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board presents the corporate governance report for the Year.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and enhance the corporate value of the Company. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "CG Code").

During the Year, save as disclosed under the paragraphs headed "Chairman and Chief Executive Officer" of this corporate governance report, the Company complied with the code provisions as set out in the CG Code.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealings in the securities of the Company by the Directors (the "Required Standard of Dealings"). Having made specific enquiry of all Directors by the Company, all the Directors confirmed that they had complied with the Required Standard of Dealings during the Year.

BOARD OF DIRECTORS

The Company is governed by the Board which is responsible for overseeing the overall strategy and development of the Company as well as monitoring the risk management and internal control policies and evaluating the financial performance of the Group. The Board sets the overall strategy and directions for the Group with a view to developing its business and enhancing the Shareholders' value.

The Board is also responsible for performing the corporate governance functions as set out in code provision D.3.1 of the CG Code, which include among other, developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management and the Company's policies and practices on compliance with legal and regulatory requirements, etc.

During the Year, the Board reviewed the compliance with the CG Code, the disclosure in the corporate governance report and the effectiveness of the risk management and internal controls systems of the Group through the Audit Committee.

The Board meets regularly at least four times each year, and more frequently as the needs of the business demand, to formulate overall strategy and monitor business development as well as the financial performance of the Group. The Board has delegated certain duties and authorities to the management for the day-to-day management of the Group's operation.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For all other Board meetings, reasonable notices are given. The agenda together with all relevant meeting materials are sent to all Directors at least 3 days before each regular Board meetings and at agreed periods for other meetings to enable them to make informed decisions with adequate information. The Board and each Director also have direct and independent access to the management whenever necessary.

CORPORATE GOVERNANCE REPORT

As at the date of this annual report, the Board comprises two executive Directors, namely Mr. Ip Kwok Kwong (Managing Director) and Mr. Wu Di; and three independent non-executive Directors (the “INEDs”), namely Mr. Sek Wai Kit, Mr. So Kwok Yun and Mr. Tang Wai Kee.

During the Year, the Board held 4 Board meetings.

The attendance records of each Director for the Board, Board committees, EGM and annual general meeting (the “AGM”) of the Company for the Year are as follows:

	Meetings attended/Meetings eligible to attend					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	EGM	AGM
Directors						
<i>Executive Directors</i>						
Mr. Ip Kwok Kwong (<i>Managing Director</i>)	5/5	N/A	1/1	1/1	2/2	1/1
Mr. Wu Di	5/5	N/A	1/1	1/1	2/2	1/1
<i>INEDs</i>						
Mr. Cheung Ka Chun (Resigned on 31 October 2020)	2/2	2/2	1/1	1/1	1/1	1/1
Mr. So Kwok Yun	4/5	3/4	1/1	1/1	2/2	1/1
Mr. Tang Wai Kee	5/5	4/4	1/1	1/1	2/2	1/1
Mr. Sek Wai Kit (Appointed on 31 October 2020)	3/3	2/2	N/A	N/A	1/1	N/A

An executive committee of the Board (the “Executive Committee”) was formed comprising one executive Director, Mr. Ip Kwok Kwong, to enhance the day-to-day management and operation of the Group to be run effectively and has been delegated by the Board certain duties and authority relating to the areas in accounting operation of the Group and contracting with outsiders in the ordinary course of business of the Group.

The Company had three INEDs, at least one of whom is in possession of appropriate professional qualifications or accounting or related financial management expertise throughout the Year, in compliance with the GEM Listing Rules. The INEDs, together with the executive Directors, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards. Each INED has made an annual written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and accordingly the Company considers each of them to be independent in accordance with the terms of the guidelines as set out in Rule 5.09 of the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

RELATIONSHIP

There was no relationship (including financial, business, family or other material relationship) among the Directors. The biographical details of each of the Directors as at the date of this annual report are set out in the section headed “Biographies of Directors” of this annual report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The Company currently does not have any officer who carries the title of the chairman of the Board (the “Chairman”) or chief executive officer of the Company (the “CEO”) but instead, the roles of both the Chairman and the CEO are performed by Mr. Ip Kwok Kwong, an executive Director and the Managing Director. The Board believes that vesting the roles of both Chairman and CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The current articles of association of the Company (the “Articles”) provide that any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. In addition, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement at least once every three years. Each of the INEDs are appointed for a term of not more than three years and subject to retirement by rotation (at least once every three years) and re-election in accordance with the Articles.

CORPORATE GOVERNANCE REPORT

DIRECTOR'S PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives a comprehensive induction package (the "Package") designed to enhance his knowledge and understanding of the Group's culture and operations. The Package usually includes a briefing or an introduction to the Group's structure, businesses strategies, recent developments and governance practices.

To assist the Directors' continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. All the Directors were requested to provide the Company with the records of the training they received. According to the training records maintained by the Company, all the current Directors, namely Mr. Ip Kwok Kwong, Mr. Wu Di, Mr. So Kwok Yun, Mr. Sek Wai Kit and Mr. Tang Wai Kee had participated in continuous professional development training such as attending external seminars organised by qualified professionals and reading materials to develop and refresh their knowledge and skills in relation to their contribution to the Board. All the Directors also understand the importance of continuous professional development and are committed to participating in any suitable training to develop and refresh their knowledge and skills.

REMUNERATION COMMITTEE

The Board established the Remuneration Committee in May 2011 with written terms of reference in compliance with the CG Code. As at the date of this annual report, the Remuneration Committee comprises two executive Directors, namely Mr. Ip Kwok Kwong and Mr. Wu Di; and three INEDs, namely Mr. So Kwok Yun (chairman of the Remuneration Committee), Mr. Sek Wai Kit and Mr. Tang Wai Kee.

The primary duties of the Remuneration Committee are formulating remuneration policies, making recommendations to the Board on the remuneration packages of the Directors and senior management of the Group. The Directors are remunerated by reference to their respective duties and responsibility with the Company, the Company's performance and current market situation. The Remuneration Committee adopted the advisory model under the CG Code to make recommendations to the Board on the remuneration packages of individual Director and senior management of the Group.

During the Year, the Remuneration Committee held 1 meeting to (i) review the remuneration policy; and (ii) review and recommend to the Board on the remuneration packages of the Directors and senior management of the Group.

Details of emoluments of the Directors for the Year are set out in note 12 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Board established the Nomination Committee in May 2011 with written terms of reference in compliance with the CG Code. As at the date of this annual report, the Nomination Committee comprises two executive Directors, namely Mr. Ip Kwok Kwong and Mr. Wu Di; and three INEDs, namely Mr. Tang Wai Kee (chairman of the Nomination Committee), Mr. So Kwok Yun and Mr. Sek Wai Kit.

The primary duties of the Nomination Committee are reviewing the structure, size and composition of the Board, formulating relevant procedures for the nomination of Directors, identifying qualified individuals to become members of the Board and making recommendations to the Board on the appointment or re-appointment of Directors. As regards the nomination of Directors, the Board has adopted a nomination policy of the Company (the "Nomination Policy").

The Company has adopted a nomination policy with effect from 1 January 2019 which establishes written guidelines to Nomination Committee to select individuals to become Board members with reference to the formulated criteria and make recommendations to the Board in accordance with the nomination procedure. The Board is ultimately responsible for selection and appointment of new Directors. The Company will review and reassess the nomination policy and its effectiveness on a regular basis or as required.

The Nomination Committee adopts various methods to identify director candidates, including recommendations from Board members, management and professional search firms. All director candidates, including incumbents and candidates nominated by shareholders are evaluated by the Nomination Committee based upon the director qualifications. While director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

The Nomination Committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its shareholders.

During the Year, the Nomination Committee held 1 meeting to (i) review the structure, size and composition of the Board; (ii) make recommendations to the Board on the re-appointment of retiring Directors; and (iii) assess the independence of the INEDs.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Board established the Audit Committee in May 2011 with written terms of reference in compliance with the CG Code. As at the date of this annual report, the Audit Committee comprises three INEDs, namely Mr. Sek Wai Kit (chairman of the Audit Committee), Mr. So Kwok Yun and Mr. Tang Wai Kee.

The primary duties of the Audit Committee are supervising the risk management and internal control policies and the financial reporting systems and procedures of the Company, reviewing the financial statements and reports of the Group, and reviewing the terms of engagement and the scope of audit work of the Company's independent auditor (the "Independent Auditor").

During the Year, the Audit Committee held 4 meetings to (i) review the accounting principles and practices adopt by the Group with the management and the Independent Auditor; (ii) discuss auditing, internal control and financial reporting matters; (iii) review the audited consolidated financial statements, including the audited consolidated results for the year ended 31 March 2020, the unaudited interim results for the six months ended 30 September 2020 and quarterly results for the three months and nine months ended 30 June 2020 and 31 December 2020; and (iv) review the risk management and internal control systems of the Company.

The Group's risk management and internal control systems are reviewed regularly by management. With the view of enhancing the Group's risk management and internal control systems, during the Year, the Company had independent consultant to perform the internal audit function to review the Group's risk management and internal control systems and recommended actions to improve the risk management and internal controls of the Group.

Based on the review, the Audit Committee is of the view that the Group's risk management and internal control systems were generally effective and adequate and in compliance with the requirements of the CG Code C.2.1 for the Year in all material respects.

BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity policy (the "Policy") which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. Pursuant to the Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. The Board will review such objectives from time to time to ensure their appropriateness and the progress made towards achieving those objectives. The Company will also take into consideration its own specific needs from time to time in determining the optimum composition of the Board.

As at the date of this annual report, the Board comprises Directors with diverse backgrounds and/or extensive expertise in the Group's businesses. The Board also has a balanced composition of executive Directors and INEDs so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for overseeing the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Group. In preparing the consolidated financial statements, appropriate accounting policies and standards are selected and applied consistently. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

INDEPENDENT AUDITOR AND ITS REMUNERATION

The statement of the Independent Auditor about their reporting responsibilities on the consolidated financial statements of the Group is set out in the "Independent Auditor's Report" of this annual report.

The fees paid or payable to the Independent Auditor in respect of the Year amounted to approximately HK\$650,000 for audit services.

COMPANY SECRETARY

Ms. Cheng Lucy ("Ms. Cheng"), the company secretary of the Company (the "Company Secretary"), has been nominated by Boardroom Corporate Services (HK) Limited ("Boardroom") under an engagement letter made between the Company and Boardroom. The primary person at the Company with whom Ms. Cheng has been contacting is Mr. Ip Kwok Kwong, an executive Director and the Managing Director, in relation to corporate secretarial matters. Ms. Cheng had received no less than 15 hours of relevant professional training for the Year.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and conducted an annual review of the effectiveness of such systems through the Audit Committee. The Group's system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfilment of the business objectives. The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and Shareholders' interests.

The Group has formulated a risk management policy and adopted a three-tier risk management approach to identify, assess and manage different types of risks. At the first line of defence, business units are responsible for identifying, assessing and monitoring risk associated with each business or transaction. The management, as the second line of defence, defines rule sets and models, provide technical support, develops new system and oversees portfolio management. It ensures risks are within acceptable range and that the first line of defence is effective. As the final line of defence, the independent consultant, as an Internal Audit Function, assists the Audit Committee to review the first and second lines of defence.

CORPORATE GOVERNANCE REPORT

The Group is committed to the identification, evaluation and management of risks associated with its business activities through ongoing assessment of a risk register, by considering the likelihood and impact of each identified risk. The Group has implemented an effective control system which includes a defined management structure with limits of authority, a sound management system and periodic review of the Group's performance by the Audit Committee and the Board.

Through the Audit Committee, the Board has conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the Year, covering the material financial, operational and compliance controls, which are considered effective and adequate.

The Audit Committee has reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions on an annual basis.

DIVIDEND POLICY

The Company has adopted a dividend policy, a summary of which is disclosed as below.

Any amount of dividends of the Company will be at the discretion of the Directors and will depend on, among other things, the Company's trading results, cash flows and financial condition as well as operating and capital requirements. Any declaration and payment as well as the amount of dividends will be subject to the Company's constitutional documents and the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, including the approval of Shareholders.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the SFO and the GEM Listing Rules and the overriding principle that inside information should be announced promptly when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirements under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;
- the Group has strictly prohibited unauthorized use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors, Company Secretary and investor relations officers are authorized to communicate with parties outside the Group.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An AGM is held in each year and at the place as may be determined by the Board. Each general meeting, other than an AGM, shall be called an EGM.

Pursuant to the Articles, the Shareholders, holding at the date of deposit of the written requisition to the Board or the Company Secretary not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, may require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out above.

The written requisition should be signed by the requisitionists and deposited at the head office of the Company (presently at Room 2709, 27th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong), specifying the Shareholders' contact details and the business or the resolution intended to be transacted or put forward at the general meeting.

For including a resolution to propose a person for election as a Director at general meeting, Shareholders are requested to follow the provisions of the Articles. A written notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting of the Company for which such notice is given of his intention to propose such person for election and also a written notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office of the Company (presently at Room 2709, 27th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong) provided that the minimum length of the period, during which such notices are given, shall be at least seven days and that the period for lodgment of such notices shall commence on the day after the despatch of the notice of the general meeting of the Company appointed for such election and end no later than seven days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 17.50(2) of the GEM Listing Rules. The procedures for Shareholders to propose a person for election as a Director are posted on the Company's website.

Shareholders should direct questions about their shareholdings, the change of their corresponding address or dividend instructions, etc. to the Company's Hong Kong branch share registrar. Shareholders and the investment community may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may also make enquiries to the Board by post to the Company's head office mentioned above or by email to info@gca.com.hk for the attention of Mr. Ip Kwok Kwong, the Managing Director.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its Shareholders and investment public.

The Company updates its Shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. The corporate website of the Company (www.gca.com.hk) provides an effective communication platform to the public and the Shareholders.

CONSTITUTIONAL DOCUMENTS

During the Year, there had been no significant change in the Company's constitutional documents.

REPORT OF THE DIRECTORS

The Directors present the annual report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities and other particulars of the Company's subsidiaries are set out in note 43 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the state of affairs of the Company and the Group as at 31 March 2021 are set out in the consolidated financial statements on pages 40 to 127 of this annual report.

The Board has resolved not to recommend the payment of a final dividend for the Year (2020: Nil).

BUSINESS REVIEW AND PERFORMANCE

The fair review of the business of the Group for the Year and the potential future development of the Group's business and the performance analysis using key financial performance indicators are set out in the "Managing Director's Statement", "Management Discussion and Analysis", "Report of the Directors", "Consolidated Financial Statements" and "Financial Summary" of this annual report. Description of the principal risks and uncertainties facing the Group can be found throughout this annual report.

There are no significant nor important event affecting the Group that has occurred since the end of the Year save as disclosed in note 44 to the consolidated financial statements.

ENVIRONMENTAL POLICY

The Group emphasises the importance of energy conservation and environmental protection as part of its corporate culture and encourages its employees to minimise the use of paper by promoting digitalisation of documents and better use of used paper. The Group has also participated in a carbon reduction program by replacing all traditional fluorescent lamps with energy-saving lamps within the working area.

In order to minimise the environmental impact, the Group will continue to review and improve the effectiveness of its management practices from time to time. The Environment, Social and Governance ("ESG") report will be published as a separate report within three months after the publication of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong and the PRC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong and the PRC during the Year.

REPORT OF THE DIRECTORS

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises employees as valuable assets of the Group and the Group has been motivating the employees by providing reasonable remuneration package and implementing an annual appraisal system to provide opportunities for career development within the Group. In addition, the Group also offers other employee benefits, such as the medical and dental insurance, and training sponsorship, etc.

The Group provides good quality services to the customers and maintains effective communication with them. The Group treasures the long-term relationships developed with the customers and suppliers. During the Year, there was no material dispute or argument between the Group and its business partners.

The Company has made substantial efforts to fulfill its corporate social responsibilities by promoting sustainable growth within the Group and in the society. The Group is committed to providing a safe, healthy and enriching working environment for its employees. The Group hosted various after-work activities or sporting events for its employees during the Year to promote the importance of work-life balance. The Group has attached importance to the promotion of anti-corruption and integrity promotion system. The Group emphasises a code of conduct which forms part of the staff manual. Employees are required to act with integrity and to report any suspected bribery and money laundering cases. Whistle-blowing procedures are in place, which allows direct reporting to the chairman of the Audit Committee. In addition, employees are required to declare any conflict of interests when performing their duties.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 127 of this annual report.

SHARE CAPITAL

Details of the Company's share capital are set out in note 36 to the consolidated financial statements.

RIGHTS ISSUE

On 5 November 2020, the Company announced a proposed rights issue to raise about HK\$43.7 million before expenses by issuing 874,433,790 rights shares (the "Rights Share(s)"), on the basis of three Rights Shares for every one existing Share then held at the subscription price of HK\$0.050 per Rights Share, representing a discount of approximately 10.7% to the closing price of HK\$0.056 per share as quoted on the Stock Exchange on 5 November 2020, being the last trading day of the share before the release of the announcement in relation to the Rights Issue.

REPORT OF THE DIRECTORS

The Rights Issue was completed on 22 February 2021, and 874,433,790 Rights Shares were allotted and issued to the qualifying shareholders accordingly, which carried the aggregate nominal value of HK\$17,488,675.80. The gross proceeds raised from the Rights Issue was approximately HK\$43.7 million and the net proceeds was approximately HK\$42.2 million. The net Subscription Price, after deducting expenses and underwriting commission, was approximately HK\$0.483 per Right Share.

The Board considered that the Rights Issue represents an opportunity for the Company to repay the borrowings from the independent third parties to be due so as to relieve its financial burden and reduce future financing costs.

For further information in relation to the Rights Issue, please refer to the announcement of the Company dated 5 November, 11 November, 24 November 2020 and 6 January, 8 February and 19 February 2021 the circular of the Company dated 15 December 2020 and the prospectus of the Company dated 19 January 2021. For further information in relation to the use of proceeds from the Rights Issue, please refer to the paragraph headed "Net Proceeds from the Rights Issue" in the "Management Discussion and Analysis" in this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to the existing Shareholders.

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

During the Year, the Company did not redeem any of its Shares listed on GEM, nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in note 45 to the consolidated financial statements and in the consolidated statement of changes in equity on page 44 respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2021, the Company's reserve available for distribution to owners of the Company comprising share premium net of accumulated losses amounted to approximately HK\$120.4 million (2020: approximately HK\$42.6 million) calculated in accordance with the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTIONS

Related party transactions of the Group during the Year are disclosed in note 42 to the consolidated financial statements. They did not constitute “connected transactions” or “continuing connected transactions”, as defined in Chapter 20 of the GEM Listing Rules, which are required to comply with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, both the aggregate percentage of sales to the Group’s five largest customers and the aggregate percentage of purchases from the Group’s five largest suppliers were less than 20% of total sales and purchases of the Group, respectively.

None of the Directors or any of their close associates (as defined in the GEM Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company’s issued shares) has any beneficial interest in the Group’s five largest customers and suppliers.

REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and the five individuals with the highest emoluments are set out in note 12 to the consolidated financial statements.

EMOLUMENT POLICY

The Remuneration Committee was established for reviewing the Group’s emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group’s operating results, individual performance and comparable market practices. The Company has adopted a share option scheme as an incentive to the Directors and eligible employees, details of which are set out in the section headed “SHARE OPTION SCHEME” below.

DIRECTORS

The Directors during the Year and up to the date of this annual report are:

Executive Directors

Mr. Ip Kwok Kwong (*Managing Director*)
Mr. Wu Di

INEDS

Mr. Sek Wai Kit (appointed with effect from 31 October 2020)
Mr. So Kwok Yun
Mr. Tang Wai Kee
Mr. Cheung Ka Chun (resigned with effect from 31 October 2020)

REPORT OF THE DIRECTORS

Pursuant to Articles 84(1) and (2) of the Articles, Mr. Wu Di and Mr. Tang Wai Kee will retire from office by rotation at the forthcoming AGM. Pursuant to Article 83(3) of the Articles, Mr. Sek Wai Kit will retire from office at the forthcoming AGM. All the above retiring Directors, being eligible, have offered themselves for re-election thereat.

The Company has received written confirmations of independence from each of the INEDs pursuant to Rule 5.09 of the GEM Listing Rules. As at the date of this annual report, the Company still considers the INEDs to be independent.

BIOGRAPHIES OF DIRECTORS

The biographical details of the Directors are set out on pages 11 and 12 of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service contract with the Company for a term of three years and subject to retirement by rotation and re-election at the AGM in accordance with the Articles.

Each of the INEDs has entered into a letter of appointment with the Company for a term of one year to three years and subject to retirement by rotation and re-election at the AGM pursuant to the Articles.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract or letter of appointment with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 42 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or the Director's connected entity had a material interest, whether directly or indirectly, which subsisted at the end of the Year or at any time during the Year.

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

As at 31 March 2021 or during the Year, no contract of significance in relation to business of the Group (whether for the provision of services to the Group or not) had been entered into between the Company, or any of its subsidiary companies, and a controlling shareholder of the Company (within the meaning of the GEM Listing Rules) or any of its subsidiaries.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (within the meaning in Section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the Year. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

REPORT OF THE DIRECTORS

MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any Director or any person under the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would have: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

(a) Long positions in the Shares

Name of Directors	Capacity/ nature of interests	Number of issued Shares held	Number of underlying Shares held	Total	Approximate percentage of the issued Shares (Note 1)
Mr. Ip Kwok Kwong ("Mr. Ip")	Interest in controlled corporation and beneficial owner/ Corporate interest and personal interest	15,542,500 (Note 2)	4,402,438 (Note 3)	19,944,938	1.71%
Mr. Wu Di ("Mr. Wu")	Beneficial owner/Personal interest	–	4,402,438 (Note 3)	4,402,438	0.38%
Mr. So Kwok Yun ("Mr. So")	Beneficial owner/Personal interest	–	4,402,438 (Note 4)	4,402,438	0.38%
Mr. Tang Wai Kee ("Mr. Tang")	Beneficial owner/Personal interest	–	4,402,438 (Note 4)	4,402,438	0.38%

REPORT OF THE DIRECTORS

Notes:

1. The percentage is calculated on the basis of the total number of issued Shares as at 31 March 2021 (i.e. 1,165,911,720 Shares).
2. 15,542,500 Shares were held by Brilliant One Holdings Limited (“Brilliant One”) which was wholly owned by GC Holdings Limited (“GC Holdings”). GC Holdings was wholly owned by Mr. Ip, an executive Director and the Managing Director. By virtue of the SFO, Mr. Ip was deemed to have interests in all the Shares held by Brilliant One.
3. Mr. Ip and Mr. Wu, executive Directors were granted the options under the share option scheme of the Company on 18 April 2019 at an exercise price of HK\$0.369 (adjusted) per Share with the exercisable period from 18 April 2019 to 17 April 2022 (both dates inclusive).
4. Mr. So and Mr. Tang, INEDs were granted the options under the share option scheme of the Company on 31 March 2020 at an exercise price of HK\$0.151 (adjusted) per Share with the exercisable period from 31 March 2020 to 30 March 2023 (both dates inclusive).

(b) Long positions in the shares of associated corporations

Name of Director	Name of associated corporations	Capacity/nature of interests	Number of issued shares held	Percentage of interest in associated corporations
Mr. Ip (Note)	Brilliant One	Interest in a controlled corporation/ Corporate interest	200	100%
Mr. Ip (Note)	GC Holdings	Beneficial owner/Personal interest	1	100%

Note: The Company was owned as to approximately 5.33% by Brilliant One. Brilliant One was wholly owned by GC Holdings. GC Holdings was wholly owned by Mr. Ip.

Save as disclosed above, as at 31 March 2021, 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 its associated corporations (within the meaning of Part XV of the SFO) which would have: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2021, the following corporations which or persons who (other than a Director or the chief executive of the Company) had interests or short positions in the Shares and the underlying Shares, which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to section 336 of the SFO:

Long positions in the Shares

Name of Shareholders	Capacity/nature of interests	Number of issued Shares held	Approximate percentage of the issued Shares (Note 1)
Laberie Holdings Limited ("Laberie") (Note 2)	Beneficial owner/Personal interest	280,000,000	24.02%
SEEC Media Group Limited ("SEEC Media") (Note 2)	Interest in a controlled corporation/ Corporate interest	280,000,000	24.02%

Notes:

1. The percentage is calculated on the basis of the total number of issued Shares as at 31 March 2021 (i.e. 1,165,911,720 Shares).
2. Laberie was wholly owned by SEEC Media. By virtue of the SFO, SEEC Media was deemed to be interested in all the Shares held by Laberie.

Save as disclosed above, as at 31 March 2021, the Company had not been notified by any corporation which or persons who (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares, 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 required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

REPORT OF THE DIRECTORS

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Required Standard of Dealings. The Company had made a specific enquiry with each of the Directors and all of them confirmed that they had complied with the Required Standard of Dealings during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

To the best of the Directors' knowledge, none of the Directors or substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interest in the business that competed or might compete or was likely to complete, either directly or indirectly with the business of the Group during the Year and up to the date of this annual report.

CORPORATE GOVERNANCE

Details of the principal corporate governance policies and practices adopted by the Company are set out in the Corporate Governance Report on pages 13 to 21 of this annual report.

The compliance officer of the Company is Mr. Ip Kwok Kwong whose biographical details are set out on page 11 of this annual report. The Company Secretary is Ms. Cheng Lucy, a fellow member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of Shares.

SHARE OPTION SCHEME

To attract and retain the eligible persons, provide an additional incentive to them and promote the success of the business of the Group, the Company conditionally approved and adopted a share option scheme (the "Scheme") by a resolution in writing on 18 May 2011 whereby the Board was authorised to grant options (the "Options") to subscribe for the Shares to the eligible participants as defined in the Scheme, including the Directors and employees. The Scheme is valid for a period of ten years commencing from the adoption date as defined in the Scheme, i.e. 18 May 2011.



REPORT OF THE DIRECTORS

A summary of the movements of the outstanding Options under the Scheme during the Year is as follows:

Eligible participants	Outstanding as at 1 April 2020	Number of underlying Shares comprised in Options					Outstanding as at 31 March 2021	Exercise price per Share HK\$ (Note 2)	Adjusted exercise price per Share HK\$ (Notes 1 and 2)	Date of grant	Exercisable period
		Granted during the Year	Exercised during the Year	Adjusted during the Year (Notes 1 and 2)	Lapsed during the Year (Notes 1 and 2)	Cancelled during the Year					
Directors											
Mr. Ip Kwok Kwong	5,829,500	-	-	(1,427,062)	-	-	4,402,438	0.558	0.369	18.4.2019	18.4.2019-17.4.2022 (both dates inclusive)
Mr. Wu Di	5,829,500	-	-	(1,427,062)	-	-	4,402,438	0.558	0.369	18.4.2019	18.4.2019-17.4.2022 (both dates inclusive)
Mr. Cheung Ka Chun (resigned with effect from 31 October 2020)	5,829,500	-	-	-	(5,829,500)	-	-	0.228	0.151	31.3.2020	31.3.2020-30.3.2023 (both dates inclusive)
Mr. So Kwok Yun	5,829,500	-	-	(1,427,062)	-	-	4,402,438	0.228	0.151	31.3.2020	31.3.2020-30.3.2023 (both dates inclusive)
Mr. Tang Wai Kee	5,829,500	-	-	(1,427,062)	-	-	4,402,438	0.228	0.151	31.3.2020	31.3.2020-30.3.2023 (both dates inclusive)
Employees											
	25,830	-	-	N/A	(25,830)	-	-	3.252	2.153	6.1.2012	One-third of the Options is exercisable from 30.1.2012 to 17.5.2021, one-third of the Options is exercisable from 1.1.2013 to 17.5.2021 and the remaining one-third of the Options is exercisable from 1.1.2014 to 17.5.2021.
	7,380	-	-	(1,807)	-	-	5,573	3.252	2.153	6.1.2012	30.1.2012 - 17.5.2021 (both dates inclusive)
	55,350	-	-	N/A	(55,350)	-	-	3.252	2.153	6.1.2012	One-third of the Options is exercisable from 1.7.2013 to 17.5.2021, one-third of the Options is exercisable from 1.1.2014 to 17.5.2021 and the remaining one-third of the Options is exercisable from 1.1.2015 to 17.5.2021.
	23,318,000	-	-	(5,708,248)	(4,402,438)	-	13,207,314	0.558	0.369	18.4.2019	18.4.2019-17.4.2022 (both dates inclusive)
	40,806,500	-	-	(9,989,434)	-	-	30,817,066	0.228	0.151	31.3.2020	31.3.2020-30.3.2023 (both dates inclusive)
Other eligible participants											
	23,318,000	-	-	(5,708,248)	-	-	17,609,752	0.558	0.369	18.4.2019	18.4.2019-17.4.2022 (both dates inclusive)
	38,860,000	-	-	(19,430,000) (Note 2)	(19,430,000) (Note 3)	-	-	1.452	N/A	10.11.2017	10.11.2017 - 9.11.2020 (both dates inclusive)
	155,538,560	-	-	(27,115,985)	(49,173,118)	-	79,249,457				

Notes:

- Pursuant to the Company's announcement dated 19 February 2021, the exercise price and the number of underlying shares comprised in the outstanding Options have been adjusted as a result of the completion of the rights issue with effect from 22 February 2021.
- Pursuant to the Company's announcement dated 17 August 2020, the exercise price and the number of underlying shares comprised in Options were adjusted as a result of the completion of the share consolidation with effect from 19 August 2020.
- The number of underlying shares comprised in Options was lapsed before completion of the rights issue with effect from 22 February 2021.

Save as disclosed above, no share options were granted or exercised or cancelled or lapsed during the Year.

REPORT OF THE DIRECTORS

As at the date of this report, there were a total of 87,444,172 Shares available for issue under the Scheme, which represented less than 7.5% of the issued share capital of the Company.

An offer for the grant of Options must be accepted within twenty-one days inclusive of the day on which such offer is made. The amount payable by the grantee of an Option to the Company on acceptance of the offer for the grant of an Option is HK\$1.00. The Option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an Option and it shall be exercisable in whole or in part in the circumstances by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. The subscription price of a Share in respect of any particular Option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the Option; and (iii) the nominal value of a Share on the offer date of the Option.

The total number of Shares issued and to be issued upon exercise of the Options granted to each grantee (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of Options to an eligible participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in a general meeting.

Where any grant of Options to a substantial shareholder (as defined in the GEM Listing Rules) of the Company or any of his/her close associates or an INED would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the Shares in issue; and (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of Options must be approved by the Shareholders in a general meeting.

The maximum number of Shares in respect of which the Options may be granted at any time under the Scheme together with the Options which may be granted under any other share option schemes for the time being of the Group shall not exceed such number of Shares as equals 10% of the issued share capital of the Company at the date of approval of the Scheme. The Company may at any time refresh such limit, subject to the Shareholders' approval and issue of a circular in compliance with the GEM Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issue at the time. An Option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine, which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

Further details of the Scheme are set out in note 38 to the consolidated financial statements.

REPORT OF THE DIRECTORS

ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "SHARE OPTION SCHEME" above, at no time during the Year was the Company, its subsidiaries, fellow subsidiaries and holding company or its other associated corporations a party to any arrangement to enable the Directors or chief executives of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or its associated corporations.

EQUITY-LINKED AGREEMENT

Save for the share options scheme, details of which are set out under the section headed "SHARE OPTION SCHEME" in this report, the Company has not entered into any equity-linked agreement during the Year or subsisted at the end of the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, there has been a sufficient public float of the issued Shares as required under the GEM Listing Rules (i.e. at 25% of the issued Shares in public hands) throughout the Year and as at the date of this report.

CHANGES IN INFORMATION OF DIRECTORS

The changes in Directors' information during the Year and up to the date of this annual report, as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules, are set out below:

Name of Directors	Details of Changes
Mr. Cheung Ka Chun	<ul style="list-style-type: none">Resigned as an INED, the chairman of the Audit Committee as well as a member of each of the Nomination Committee and the Remuneration Committee on 31 October 2020
Mr. Sek Wai Kit	<ul style="list-style-type: none">Appointed as an INED, the chairman of the Audit Committee as well as a member of each of the Nomination Committee and the Remuneration Committee on 31 October 2020

REVIEW BY AUDIT COMMITTEE

As at the date of this report, the Audit Committee comprises three members, namely Mr. Sek Wai Kit, Mr. So Kwok Yun and Mr. Tang Wai Kee, all being INEDs. Mr. Sek Wai Kit is the chairman of the Audit Committee. The Audit Committee has reviewed with the management the audited consolidated financial statements of the Company for the Year.

CHANGE IN INDEPENDENT AUDITOR IN THE PRECEDING THREE YEARS

Zhonghui Anda CPA Limited resigned as the Independent Auditor with effect from 18 February 2019. World Link CPA Limited was appointed as the Independent Auditor with effect from 20 February 2019 to fill the casual vacancy following the resignation of Zhonghui Anda CPA Limited. On 25 February 2020, World Link CPA Limited resigned as the Independent Auditor and McMillan Woods (Hong Kong) CPA Limited has been appointed as the new Independent Auditor on the same date to fill the casual vacancy following the resignation of World Link CPA Limited. Save as disclosed, there has been no changes in the Independent Auditor in any of the preceding three years.

REPORT OF THE DIRECTORS

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 31 March 2021 have been audited by McMillan Woods (Hong Kong) CPA Limited.

McMillan Woods (Hong Kong) CPA Limited shall retire at the forthcoming AGM and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of McMillan Woods (Hong Kong) CPA Limited as the Independent Auditor will be proposed at the forthcoming AGM.

On behalf of the Board

Ip Kwok Kwong

Executive Director and Managing Director

Hong Kong, 23 June 2021



INDEPENDENT AUDITOR'S REPORT



**TO THE SHAREHOLDERS OF
ASIA-PAC FINANCIAL INVESTMENT COMPANY LIMITED**
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Asia-Pac Financial Investment Company Limited and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 126, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

- 1) Impairment of the Group's loan receivables; and
- 2) Impairment of goodwill

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>(1) Impairment of the Group's loan receivables</p> <p>Refer to the summary of significant accounting policies in note 4, critical judgements and key estimates in note 5, financial risk management in note 6 and the disclosures of loan receivables in note 23 to the consolidated financial statements.</p> <p>The Group tested the amount of loan receivables for impairment in accordance with expected credit loss ("ECL") model under HKFRS 9.</p> <p>The measurement of ECL requires the application of significant judgement and increased complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECL models (for exposures assessed individually or collectively), such as the expected future cash flows and forward-looking macroeconomic factors.</p> <p>As at 31 March 2021, the Group has recognised impairment loss of loan receivables based on ECL of approximately HK\$26,959,000.</p> <p>Due to the significant amount of loan receivables (with carrying amount representing 40% of total assets) and the corresponding uncertainty inherent in such estimates, a considerable amount of judgement is required in assessing the recoverability of the loan receivables and therefore we considered this as a key audit matter.</p>	<p>Our procedures in relation to this matter included:</p> <p>Evaluating the design, implementation and operating effectiveness of key internal controls over credit control, debt collection and estimate of ECL;</p> <p>Assessing the reasonableness of the Group's ECL models by examining the model input used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information including the economic variables and assumptions used in each of the economic scenarios and their probability weightings and assessing whether there was an indication of management bias when recognising loss allowances;</p> <p>Recalculating the amount of the ECL on loan receivables and assessing the appropriateness and adequacy of the ECL as at 31 March 2021;</p> <p>Reviewing settlements after the financial year end relating to the loan receivables as at 31 March 2021; and</p> <p>Reviewing the appropriateness of the disclosures made in the consolidated financial statements.</p>

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
(2) Impairment of goodwill	
<p>Refer to the summary of significant accounting policies in note 4, critical judgements and key estimates in note 5 and the disclosures of goodwill in note 20 to the consolidated financial statements.</p>	<p>Our procedures in relation to this matter included:</p>
	<p>Assessing the identification of the related cash generating units;</p>
<p>The Group is required to annually test the amount of goodwill for impairment. This annual impairment test is significant to our audit because the balance of goodwill of HK\$40,441,000 as at 31 March 2021 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of significant management judgement with respect to the discount rate and the underlying cash flows, in particular future revenue growth and capital expenditure. Independent external valuation were obtained in order to support management estimates.</p>	<p>Engaging a valuation specialist to assist us to review the appropriateness of the valuation approach and methodology, the accuracy of the calculations in the valuation model and the market data used on a sample basis;</p>
	<p>Performing retrospective review by evaluating the outcome of prior period forecast to assess the effectiveness of management's estimation process;</p>
	<p>Assessing the reasonableness of the key assumptions used in the value-in-use calculation on respective CGU (including revenue growth, profit margins, terminal growth rates and discount rates);</p>
	<p>Evaluating of the independent valuer's competence capabilities and objectivity;</p>
	<p>Challenging the appropriateness of the key assumption underlying the cash flow forecasts in the valuation model, with reference to historical performance of the CGU and our knowledge of the relevant industry; and</p>
	<p>Evaluating the adequacy of disclosures in respect of the impairment review in the financial statements.</p>

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all the information included in the Company's annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Other Information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

McMillan Woods (Hong Kong) CPA Limited

Certified Public Accountants

Ho Wai Kuen

Audit Engagement Director

Practising Certificate Number – P05966

3/F, Winbase Centre,
208 Queen's Road Central, Hong Kong

Hong Kong, 23 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Loan interest income		11,124	12,070
Other revenue		32,109	33,893
Total revenue	8	43,233	45,963
Cost of sales and services rendered		(11,289)	(17,995)
Gross profit		31,944	27,968
Other income and other gains or losses	9	10,632	2,722
Administrative expenses		(35,248)	(46,840)
Fair value change on financial assets at fair value through profit or loss ("FVTPL")		18,577	(11,644)
Impairment losses on loan receivables		(23,576)	(27,054)
Impairment losses on trade receivables		(616)	(812)
Impairment losses on other receivables		(428)	(4,373)
Reversals of impairment losses on trade receivables		164	–
Gain/(Loss) on disposal of financial assets at FVTPL		450	(13,856)
Other operating expenses		–	(1,713)
Profit/(Loss) from operations		1,899	(75,602)
Finance costs	10	(2,689)	(4,020)
Share of results of associates		–	234
Impairment losses on goodwill		(2,755)	(39,950)
Impairment losses on property, plant and equipment		–	(15)
Impairment losses on intangible assets		–	(10,496)
Gain on disposal of a joint venture		–	90
Loss before tax		(3,545)	(129,759)
Income tax credit	13	–	749
Loss for the year	11	(3,545)	(129,010)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Other comprehensive loss after tax:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		1,046	(164)
Total comprehensive loss for the year		(2,499)	(129,174)
Loss for the year attributable to:			
Owners of the Company		(4,243)	(126,468)
Non-controlling interests		698	(2,542)
		(3,545)	(129,010)
Total comprehensive loss for the year attributable to:			
Owners of the Company		(3,085)	(127,447)
Non-controlling interests		586	(1,727)
		(2,499)	(129,174)
Loss per share (HK cents)			
	16		(restated)
Basic		(1.06)	(28.73)
Diluted		(1.06)	(28.73)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Property, plant and equipment	18	529	696
Intangible assets	19	–	–
Goodwill	20	40,441	43,196
Deposits placed for life insurance policies	21	2,833	2,755
Investment in an associate	22	–	–
Loan receivables	23	18,498	52,597
Deferred tax assets	35	–	–
		62,301	99,244
Current assets			
Trade receivables	24	7,664	7,571
Prepayments, deposits and other receivables	25	16,310	16,472
Loan receivables	23	91,190	100,291
Financial assets at FVTPL	26	49,667	12,101
Bank balances and cash	27	48,543	3,517
Tax recoverable		59	–
		213,433	139,952
Assets of a disposal group classified as held for sale	17	–	11,279
		213,433	151,231
Current liabilities			
Trade payables	28	5,442	5,450
Accruals and other payables	29	31,881	37,249
Amount due to a director	30	5,201	2,677
Contract liabilities	31	1,647	2,076
Bank and other borrowings	32	4,791	8,698
Promissory notes	34	37,060	–
Lease liabilities	33	392	6,807
Tax payables		123	77
		86,537	63,034
Liabilities of a disposal group classified as held for sale	17	–	4,879
		86,537	67,913

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Net current assets		126,896	83,318
Total assets less current liabilities		189,197	182,562
Non-current liabilities			
Promissory notes	34	21,800	57,240
Bank and other borrowings	32	2,672	–
Lease liabilities	33	–	1,820
Deferred tax liabilities	35	–	–
		24,472	59,060
NET ASSETS		164,725	123,502
Capital and reserves			
Share capital	36	23,319	58,296
Reserves	37	135,612	59,998
Equity attributable to owners of the Company		158,931	118,294
Non-controlling interests		5,794	5,208
TOTAL EQUITY		164,725	123,502

Approved and authorised for issue by the Board of Directors on 23 June 2021.

Ip Kwok Kwong
Director

Wu Di
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to the owners of the Company									
	Note	Share capital HK\$'000	Share premium (note 37 (b)(i)) HK\$'000	Capital reserve (note 37 (b)(iii)) HK\$'000	Foreign currency translation reserve (note 37 (b)(iii)) HK\$'000	Share options reserve (note 37 (b)(iv)) HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2019		58,296	581,772	5,359	(656)	10,999	(424,428)	231,342	8,374	239,716
Recognition of share-based payments		-	-	-	-	13,055	-	13,055	-	13,055
Lapse of share options	38	-	-	-	-	(2,245)	2,245	-	-	-
Acquisition of non-controlling interest (Note)		-	-	-	-	-	1,344	1,344	(1,439)	(95)
Total comprehensive loss for the year		-	-	-	(979)	-	(126,468)	(127,447)	(1,727)	(129,174)
Changes in equity for the year		-	-	-	(979)	10,810	(122,879)	(113,048)	(3,166)	(116,214)
At 31 March 2020 and 1 April 2020		58,296	581,772	5,359	(1,635)	21,809	(547,307)	118,294	5,208	123,502
Issue of shares pursuant to rights issue	36	17,489	26,233	-	-	-	-	43,722	-	43,722
Capital reduction	36	(52,466)	-	-	-	-	52,466	-	-	-
Lapse of share options	38	-	-	-	-	(10,089)	10,089	-	-	-
Total comprehensive income/(loss) for the year		-	-	-	1,158	-	(4,243)	(3,085)	586	(2,499)
Changes in equity for the year		(34,977)	26,233	-	1,158	(10,089)	58,312	40,637	586	41,223
At 31 March 2021		23,319	608,005	5,359	(477)	11,720	(488,995)	158,931	5,794	164,725

Note:

On 28 February 2020, the Group completed the acquisition of remaining 5% equity interest of IAM GROUP INC. from the non-controlling interest at a consideration of HK\$95,000. The Group record a decrease in non-controlling interest of approximately HK\$1,439,000 and a increase in the balance in accumulated losses of approximately HK\$1,344,000 upon the completion of the acquisition.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Cash flows from operating activities			
Loss before tax		(3,545)	(129,759)
Adjustments for:			
Bank interest income		(5)	(4)
Interest income on life insurance policies		(110)	(120)
Depreciation of property, plant and equipment		233	404
Gain on disposal of property, plant and equipment		(1)	(66)
Loss on disposal of a disposal group classified as held for sale		79	–
Equity-settled share-based payments		–	13,055
Share of results of associates		–	(234)
Premium charged on life insurance policies		32	30
Impairment losses on intangible assets		–	10,496
Impairment losses on goodwill		2,755	39,950
Impairment losses on trade receivables		616	812
Impairment losses on loan receivables		23,576	27,054
Impairment losses on other receivables		428	4,373
Impairment losses on property, plant and equipment		–	15
Gain on lease modification		(6,769)	–
Gain on waive of other payable		(223)	–
(Gain)/Loss on disposal of financial assets at FVTPL		(450)	13,856
Fair value change on financial assets at FVTPL		(18,577)	11,644
Gain on disposal of a joint venture		–	(90)
Finance costs		2,689	4,020
Operating profit/(loss) before working capital changes		728	(4,564)
Decrease in trade and loan receivables		18,969	3,105
(Increase)/Decrease in prepayments, deposits and other receivables		(218)	8,595
Decrease in financial assets at FVTPL		–	8,348
Decrease in bank balances and cash of client trust accounts		–	796
Decrease in trade payables		(20)	(1,171)
(Decrease)/Increase in contract liabilities		(429)	61
(Decrease)/Increase in accruals and other payables		(5,278)	2,091
Decrease in amount due to a related party		–	(4,714)
Payments for financial assets at FVTPL		(19,712)	–
Proceeds from sale of financial assets at FVTPL		1,173	–
Cash (used in)/generated from operations		(4,787)	12,547
Income tax (paid)/refunded		(13)	70
Interest paid		(955)	(1,765)
Interest expenses on lease liabilities paid		(55)	(635)
Net cash (used in)/generated from operating activities		(5,810)	10,217

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Cash flows from investing activities			
Acquisition of non-controlling interests		–	(95)
Proceeds from disposal of a joint venture		–	250
Dividend received from a joint venture		–	1,095
Bank interest received		5	4
Proceeds from disposal of a disposal group classified as held for sale		2,089	–
Proceeds from disposal of property, plant and equipment		1	280
Purchases of property, plant and equipment		(17)	(98)
Net cash generated from investing activities		2,078	1,436
Cash flows from financing activities			
Proceeds from rights issue		43,722	–
Proceeds from new borrowings raised		4,463	3,000
Repayment of bank borrowings		(3,669)	(5,311)
Principal elements of lease payments		(1,466)	(7,284)
Increase in amount due to a director		2,524	1,608
Net cash generated from/(used in) financing activities		45,574	(7,987)
Net increase in cash and cash equivalents		41,842	3,666
Cash and cash equivalents at beginning of year		4,463	948
Net effect of foreign exchange rate changes		1,040	(151)
Cash and cash equivalents at end of year		47,345	4,463
Analysis of cash and cash equivalents			
Bank balances and cash	27	48,543	3,517
Bank overdrafts	32	(1,198)	(3,286)
		47,345	231
Bank balances and cash included in assets classified as held for sale	17	–	4,232
		47,345	4,463

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

Asia-Pac Financial Investment Company Limited (the “Company”) was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 3 December 2010. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Room 2709, 27th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong. The Company’s shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 31 May 2011.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries are set out in note 43 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which in collective term includes Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKASs”) and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are discussed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of all new and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(Continued)

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁵
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁶
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2021

⁴ Effective for annual periods beginning on or after a date to be determined

⁵ Effective for annual periods beginning on or after 1 June 2020

⁶ Effective for annual periods beginning on or after 1 April 2021

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Foreign currency translation (Continued)

(iii) Translation on consolidation (Continued)

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvement	Over the lease term or 5 years whichever is shorter
Furniture and equipment	5 years
Office equipment	4 to 5 years
Motor vehicle	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss on derecognition of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets held for sale and discontinued operations".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Trading rights

Trading rights are classified as intangible assets. Trading rights have an indefinite useful life and are carried at cost less accumulated impairment losses. The trading rights have no foreseeable limit to the period over which the Group can use to generate net cash flows. The trading rights will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

The useful life of the trading rights is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is account for on a prospective basis.

(f) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) *The Group as a lessee*

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

(i) *The Group as a lessee* (Continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

(ii) *The Group as a lessor*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

(g) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out in note 4(x) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognised.

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

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Recognition and derecognition of financial instruments (Continued)

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial assets (Continued)

Debt investments (Continued)

- FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

(j) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flow. Cash and cash equivalents are assessed for ECL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the asset's or disposal group's previous carrying amount and fair value less costs to sell.

(m) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(o) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(q) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue and other income (Continued)

For all financial instruments measured at amortised cost and interest-bearing financial instruments, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset is adjusted if the Group revises its estimates of receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in the carrying amount is recorded as interest income.

Once the value of a financial asset or a group of similar financial assets had been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

Securities brokerage service income, such as the arrangement of the acquisition of shares or other securities, is recognised on completion of the underlying transaction.

Advertising services is recognised when the related advertisements are telecasted or displayed.

Sub-leasing income is recognised on a straight-line basis over the lease term.

Interest income from financial services and financial assets is recognised on a time-proportion basis using the effective interest method.

Services income from financial services is recognised when the services are rendered.

Management fee income is recognised when the services have been provided.

Revenue from the provision of asset appraisal services and corporate services and consultancy is recognised when the services are rendered and the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transactions will flow to the Group. Revenue from asset appraisal services is recognised by reference to the percentage of completion of the transaction. Revenue from the provision of corporate services and consultancy with specified period is generally recognised on a straight-line basis over the period of services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Employee benefits

i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

ii) *Pension obligations*

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

iii) *Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(s) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Share-based payments (Continued)

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) Government Grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(w) Impairment of non-financial assets

Intangible assets that have an indefinite useful life or that are not yet available for use are reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

The carrying amounts of other non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

- Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Impairment of financial assets and contracts assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Impairment of financial assets and contracts assets (Continued)

Significant increase in credit risk (Continued)

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Impairment of financial assets and contracts assets (Continued)

Significant increase in credit risk (Continued)

The Group considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Impairment of financial assets and contracts assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Impairment of financial assets and contracts assets (Continued)

Measurement and recognition of ECL (Continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(y) Provisions and contingent liabilities

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

(aa) Related parties

A related party is a person or entity that is related to the Group.

- (A) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.

- (B) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) Related parties (Continued)

(B) (Continued)

- (vi) The entity is controlled or jointly controlled by a person identified in (A);
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) The entity, or any member of a group which it is a part, provides key management personnel services to the Company or to a parent of the Company.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors of the Company have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Significant increase in credit risk

As explained in note 4(x), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(a) *Income taxes*

The Group is subject to Hong Kong Profits Tax and Enterprise Income Tax ("EIT") of the People's Republic of China (the "PRC"). Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, no income tax was charged or credited to profit or loss based on the estimated assessable profit (2020: approximately HK\$749,000 was credited to profit or loss).

(b) *Property, plant and equipment and depreciation*

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write off or write-down technically obsolete or non-strategic assets that have been abandoned.

As at 31 March 2021, the carrying amount of property, plant and equipment was approximately HK\$529,000 (2020: HK\$696,000).

(c) *Impairment of trade and loan receivables*

The management of the Group estimates the amount of impairment loss for ECL on trade and loan receivables based on the credit risk of trade and loan receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets.

As at 31 March 2021, the carrying amount of trade and loan receivables was approximately HK\$7,664,000 (2020: HK\$7,571,000) and approximately HK\$109,688,000 (2020: HK\$152,888,000) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(d) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use and fair value less costs of disposal of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets.

The carrying amount of goodwill as at 31 March 2021 was approximately HK\$40,441,000 (2020: HK\$43,196,000) and impairment losses of approximately HK\$2,755,000 (2020: HK\$39,950,000) was recognised during the year. Details of the impairment loss calculation are provided in note 20 to the consolidated financial statements.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, interest rate risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The board of directors review and agree policies for managing each of these risks and they are summarised below.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of the business transactions, assets and liabilities of the Group's entities are principally denominated in their respective functional currencies.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Price risk

As set out in note 26 to the consolidated financial statements, the Group's listed investments were designated at financial assets at FVTPL are measured at fair value at the end of each reporting period. Therefore, the Group's investments in listed equity securities are exposed to equity securities price risk. The management manages this exposure by monitoring the change of market prices of the equity securities from time to time, and by maintaining a portfolio of investments with different risk profiles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Price risk (Continued)

At 31 March 2021, if the price per share of the investments increases/decreases by 10%, loss after tax for the year would have been decreased/increased by approximately HK\$4,147,000 (2020: approximately HK\$1,010,000), arising as a result of the fair value movements of the investments.

(c) Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at the end of reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its deposits paid for life insurance policies, trade receivables, loan receivables, deposits and other receivables and bank balances and cash. In order to minimise credit risk, the directors of the Company have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the directors of the Company review the recoverable amount of each individual debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. The credit risk on bank balances and cash is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 31 March 2021, in respect of trade receivables, the Group is exposed to concentration of credit risk to the extent that approximately HK\$7,664,000 (2020: HK\$7,571,000) of trade receivables is attributable by a customer. The Group seeks to minimise its risk by dealing with counterparties which have good credit history.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- internal credit rating;
- external credit rating (if available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the customer;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

- significant increases in credit risk on other financial instruments of the same customer;
- significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customers.

A significant increase in credit risk is presumed if a customer is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 365 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a customer failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

Trade receivables

The movements in impairment losses on trade receivables are as follows:

	2021 HK\$'000	2020 HK\$'000
At 1 April	624	45,908
Amounts written off during the year	(166)	(46,096)
Impairment losses recognised	616	812
At 31 March	1,074	624

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Trade receivables (Continued)

The Group applies the simplified approach under HKFRS 9 to provide for ECL using the lifetime expected loss provision for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporate forward looking information.

	Current	Up to 3 months past due	3 to 6 months past due	6 to 12 months past due	Over 12 months past due	Total
At 31 March 2021						
Weighted average expected						
loss rate	3%	4%	28%	27%	74%	
Receivable amount (HK\$'000)	4,868	2,261	145	549	915	8,738
Loss allowance (HK\$'000)	(128)	(83)	(41)	(148)	(674)	(1,074)

At 31 March 2020

Weighted average expected

loss rate	3%	4%	14%	28%	54%	
Receivable amount (HK\$'000)	2,931	3,790	579	607	288	8,195
Loss allowance (HK\$'000)	(78)	(142)	(78)	(171)	(155)	(624)

Loan receivables

The movements in impairment losses on loan receivables are as follows:

	2021 HK\$'000	2020 HK\$'000
At 1 April	8,295	5,710
Amounts written off during the year	(4,912)	(24,469)
Impairment losses recognised	23,576	27,054
At 31 March	26,959	8,295

As at 31 March 2021, the carrying amount of loan receivables amounting to approximately HK\$91,214,000 (2020: HK\$124,469,000) are secured by listed shares. The Group is not permitted to sell or repledge the collaterals in the absence of default by the borrower. These has not been any significant changes in the quality of the collateral held for the loan receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Loan receivables (Continued)

The Group uses three categories for loan receivables which reflect their credit risk and how the loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category, value of collateral and adjusts for forward looking data.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12 month expected credit losses ("ECL")
Underperforming	Significant increase in credit risk	Lifetime ECL (not credit-impaired)
Non-performing	The counterparty will enter bankruptcy	Lifetime ECL (credit-impaired)

The following table provides information about the Group's exposure to credit risk and ECL for loan receivables:

Internal credit rating	ECL rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
31 March 2021				
Performing	1%	111,323	(1,640)	109,683
Underperforming	N/A	–	–	–
Non-performing	100%	25,324	(25,319)	5
		136,647	(26,959)	109,688
31 March 2020				
Performing	2%	156,191	(3,798)	152,393
Underperforming	N/A	–	–	–
Non-performing	90%	4,992	(4,497)	495
		161,183	(8,295)	152,888

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

Deposits and other receivables

The movements in impairment losses on deposits and other receivables are as follows:

	2021 HK\$'000	2020 HK\$'000
As 1 April	–	–
Amounts written off during the year	(401)	(4,373)
Impairment losses recognised	428	4,373
At 31 March	27	–

An impairment analysis is performed at each reporting date by considering the probability of default. Expected credit losses are estimated by applying general approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

Deposits placed for life insurance policies

Deposits placed for life insurance policies with carrying amount of approximately HK\$2,833,000 (2020: HK\$2,755,000) were the deposits placed into financial institution. However, having considered the strong financial background of the financial institution, the directors of the Company believes that there is no significant credit risk.

(d) Interest rate risk

The Group's loan receivables, bank borrowings, other borrowings, promissory notes and lease liabilities bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to cash flow interest rate risk arises from its bank deposits, deposit placed for life insurance and bank overdrafts. These deposits and overdrafts bear interests at floating rates varied with the then prevailing market condition.

The sensitivity analysis below had been determined based on the exposure to interest rates for floating rate bank overdrafts at the reporting dates and the stipulated changes taking place at the beginning of the year and held constant throughout the year. The analysis was prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Interest rate risk (Continued)

If interest rates on floating rate bank overdrafts had been 50 basis points higher/lower and all other variables were held constant, the loss after tax for the year ended 31 March 2021 would be increased/decreased by approximately HK\$6,000 (2020: loss after tax decreased/increased by approximately HK\$16,000).

The management of the Group considers that the interest rate risk of bank deposits and deposit placed for life insurance not significant and no sensitivity analysis is presented.

Except as stated above, the Group does not have other significant interest-bearing assets and liabilities at the end of reporting period, its income and operating cash flows are substantially independent of changes in market interest rates.

(e) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

Specifically, for bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

At 31 March 2021	On demand or less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
<i>Financial liabilities subject to a repayment on demand clause:</i>						
Bank and other borrowings	4,874	-	-	-	4,874	4,791
Amount due to a director	5,201	-	-	-	5,201	5,201
<i>Financial liabilities not subject to a repayment on demand clause:</i>						
Trade payables	5,442	-	-	-	5,442	5,442
Accruals and other payables	31,881	-	-	-	31,881	31,881
Bank and other borrowings						
- 5 years	-	-	4,564	-	4,564	2,672
Lease liabilities	395	-	-	-	395	392
Promissory notes	37,164	22,615	-	-	59,779	58,860
	84,957	22,615	4,564	-	112,136	109,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity risk (Continued)

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
At 31 March 2020	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Financial liabilities subject to a repayment on demand clause:</i>						
Bank and other borrowings	8,698	–	–	–	8,698	8,698
Amount due to a director	2,677	–	–	–	2,677	2,677
<i>Financial liabilities not subject to a repayment on demand clause:</i>						
Trade payables	5,450	–	–	–	5,450	5,450
Accruals and other payables	37,249	–	–	–	37,249	37,249
Promissory notes	–	59,520	–	–	59,520	57,240
Lease liabilities	7,065	1,835	–	–	8,900	8,627
	61,139	61,355	–	–	122,494	119,941

The table that follows summarises the maturity analysis of bank and other borrowings with a repayment on demand clause based on agreed scheduled repayments. The amounts include interest payments computed using contractual rates. As a result, these amounts are greater than the amounts disclosed in the "on demand" time band in the maturity analysis above. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank and other borrowings will be repaid in accordance with the scheduled repayment dates.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
At 31 March 2021	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank and other borrowings	4,131	351	4,956	–	9,438	7,463

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
At 31 March 2020	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank and other borrowings	8,177	350	789	–	9,316	8,698

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL RISK MANAGEMENT (Continued)

(f) Categories of financial instruments at 31 March

	2021 HK\$'000	2020 HK\$'000
Financial assets:		
Financial assets at FVTPL		
– Listed securities in Hong Kong	49,667	12,101
Financial assets at amortised cost (including cash and cash equivalents)	185,014	181,510
Financial liabilities:		
Financial liabilities at amortised costs	108,847	111,314

(g) Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FINANCIAL RISK MANAGEMENT (Continued)

(g) Fair values (Continued)

Disclosures of level fair value hierarchy at 31 March:

	2021			Total 2021 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Financial assets at FVTPL				
– Listed securities in Hong Kong	49,667	–	–	49,667

	2020			Total 2020 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Financial assets at FVTPL				
– Listed securities in Hong Kong	12,101	–	–	12,101

The carrying amounts of the group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 March 2021 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	Carrying amounts at 31 March 2021 HK\$'000	Fair value at 31 March 2021 HK\$'000	Fair value measurements as at 31 March 2021 categorised into		
			Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Promissory notes	(58,860)	(60,660)	–	–	(60,660)

The carrying amounts of the Group financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair value as at 31 March 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

7. SEGMENT INFORMATION

The Chief operating decision makers have been identified as executive directors of the Company. They review the Group's internal reporting in order to assess performance and allocate resources, and determine the operating segments.

For management purposes, the Group is organised into business units based on their services and has four reportable operating segments as follows:

i) Asset advisory services and asset appraisal

Provision of asset appraisal and asset advisory services, including real estate and fixed asset appraisal, mineral property appraisal, business and intangible asset valuation, financial instrument valuation and advisory services.

ii) Corporate services and consultancy

Provision of company secretarial services, human resources management, accounting and tax services, corporate communication and marketing services, corporate governance, internal control, enterprise risk management services and management consultancy services.

iii) Media advertising

Provision of media advertising business services through in-elevator poster frames network and liquid-crystal displays network inside elevators or lobbies of middle to high-end residential community.

iv) Financial services

Provision of (i) financial credit services such as personal loans and commercial loans to individuals and corporations; and (ii) securities broking and trading of securities.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include corporate income and expenses, fair value change on financial assets at FVTPL, loss on disposal of a disposal group classified as held for sale, share of results of associates and finance costs. Segment assets do not include financial assets at FVTPL, assets of a disposal group classified as held for sale and unallocated corporate assets. Segment liabilities do not include lease liabilities, amount due to a director, promissory notes, liabilities of a disposal group classified as held for sale and unallocated corporate liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

7. SEGMENT INFORMATION (Continued)

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technical requirements and marketing strategies.

(i) Information about reportable segment profits or losses, assets and liabilities:

Amounts included in the measurement of segment profit/(loss) or segment assets:

	Asset advisory services and asset appraisal		Corporate services and consultancy		Media advertising		Financial services		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Years ended 31 March										
Revenue from external customers	27,388	27,913	661	1,577	2,652	3,654	12,532	12,819	43,233	45,963
Segment profit/(loss)	3,144	(4,204)	6,006	(110)	(244)	(21,241)	(26,764)	(60,450)	(17,858)	(86,005)
As at 31 March										
Segment assets	18,654	12,535	1,831	7,032	13,021	1,589	109,836	153,002	143,342	174,158
Segment liabilities	19,432	22,040	12,193	22,185	528	576	5,302	4,590	37,455	49,391

Amounts included in the measurement of segment profit/(loss) or segment assets:

Bank interest income	-	-	-	-	-	-	-	4	-	4
Depreciation	165	319	-	2	64	59	4	24	233	404
Staff costs	4,414	13,647	1,030	3,988	706	652	2,480	3,284	8,630	21,571
Impairment losses on trade receivables	512	812	104	-	-	-	-	-	616	812
Impairment losses on loan receivables	-	-	-	-	-	-	23,576	27,054	23,576	27,054
Impairment losses on other receivables	137	-	291	-	-	4,373	-	-	428	4,373
Impairment losses on intangible assets	-	-	-	-	-	-	-	10,496	-	10,496
Impairment losses on goodwill	-	-	-	-	-	16,376	2,755	23,574	2,755	39,950
Reversal of impairment losses of trade receivables	(164)	-	-	-	-	-	-	-	(164)	-
Additions to segment non-current assets	-	86	-	-	10	-	7	12	17	98
Impairment losses on property, plant and equipment	-	-	-	-	-	-	-	15	-	15

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

7. SEGMENT INFORMATION (Continued)

(i) Information about reportable segment profits or losses, assets and liabilities: (Continued)

Reconciliations of reportable segment losses are as follows:

	2021 HK\$'000	2020 HK\$'000
Segment loss		
Total loss of reportable segments	(17,858)	(86,005)
Unallocated amounts:		
Fair value change on financial assets at FVTPL	18,577	(11,644)
Gain on disposal of a joint venture	–	90
Loss on disposal of a disposal group classified as held for sale	(79)	–
Share of results of associates	–	234
Other unallocated corporate expenses	(1,496)	(27,665)
Finance costs	(2,689)	(4,020)
Consolidated loss after tax	(3,545)	(129,010)

Reconciliations of reportable segment assets and liabilities are as follows:

	2021 HK\$'000	2020 HK\$'000
Segment assets		
Total assets of reportable segments	143,342	174,158
Unallocated corporate assets	82,725	52,937
Assets of a disposal group classified as held for sales	–	11,279
Financial assets at FVTPL	49,667	12,101
Consolidated total assets	275,734	250,475

	2021 HK\$'000	2020 HK\$'000
Segment liabilities		
Total liabilities of reportable segments	37,455	49,391
Unallocated corporate liabilities	9,101	4,159
Liabilities of a disposal group classified as held for sale	–	4,879
Promissory note	58,860	57,240
Lease liabilities	392	8,627
Amount due to a director	5,201	2,677
Consolidated total liabilities	111,009	126,973

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

7. SEGMENT INFORMATION (Continued)

(i) Information about reportable segment profits or losses, assets and liabilities: (Continued)

	2021 HK\$'000	2020 HK\$'000
Bank interest income		
Total interest income of reportable segments	–	4
Unallocated corporate interest income	5	–
Consolidated bank interest income	5	4

	2021 HK\$'000	2020 HK\$'000
Depreciation		
Total depreciation of reportable segments	233	404
Unallocated corporate depreciation	–	–
Consolidated depreciation	233	404

	2021 HK\$'000	2020 HK\$'000
Staff costs		
Total staff costs of reportable segments	8,630	21,571
Unallocated corporate staff costs	340	10,017
Consolidated staff costs	8,970	31,588

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

7. SEGMENT INFORMATION (Continued)

(ii) Geographical information

	Revenue from external customers		Non-current assets	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	40,224	42,309	24,134	27,051
The PRC except Hong Kong	3,009	3,654	16,836	16,841
	43,233	45,963	40,970	43,892

In presenting the geographical information, revenue is based on the locations of the customers and information about the non-current assets, other than financial instruments, classified in accordance with geographical location of the assets at the end of the reporting period.

There was no revenue from customers contributing 10% or more of total revenue for the years ended 31 March 2021 and 2020.

8. REVENUE

The Group's revenue is as follows:

	2021	2020
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Asset advisory services and asset appraisal services	27,388	27,913
Corporate services and consultancy services	661	1,577
Media advertising services	2,652	3,654
Securities broking and trading of securities	1,408	749
	32,109	33,893
Revenue from other sources		
Interest income from loan financing	11,124	12,070
	43,233	45,963

	2021	2020
	HK\$'000	HK\$'000
Timing for revenue recognition		
Revenue recognised at a point in time	1,408	749
Revenue recognised over time	30,701	33,144
	32,109	33,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

8. REVENUE (Continued)

Transaction price allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its revenue contracts of asset advisory and asset appraisal services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the revenue contracts of asset advisory and asset appraisal services that had an original expected duration of one year or less.

9. OTHER INCOME AND OTHER GAINS OR LOSSES

	2021 HK\$'000	2020 HK\$'000
Bank interest income	5	4
Gain on disposal of property, plant and equipment	1	66
Government grants (note)	40	–
Interest income from deposits placed for life insurance policies	110	120
Sub-leasing income	785	1,062
Loss on disposal of a disposed group classified as held for sale	(79)	–
Gain on lease modification	6,769	–
Gain on disposal of a joint venture	–	90
Other payables written back	223	–
Sundry income	2,778	1,380
	10,632	2,722

note: The government grants for the year ended 31 March 2021 represents the grants in relation to the Anti-epidemic Fund, of which the Group complied with all attached conditions and therefore such grants were recognised as other income during the year.

10. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest expenses on bank and other borrowings	1,014	1,765
Interest expenses on promissory notes	1,620	1,620
Interest expenses on lease liabilities	55	635
	2,689	4,020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

11. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(credit) the following:

	2021 HK\$'000	2020 HK\$'000
Auditor's remuneration	650	650
Staff costs including directors' remunerations		
Salaries, bonus and allowances [#]	8,598	21,275
Equity-settled share-based payments	–	9,540
Retirement benefit costs	372	773
	8,970	31,588
Depreciation of property, plant and equipment	233	404
Equity-settled share-based payments to other eligible participants	–	3,515
Gain on disposal of property, plant and equipment	(1)	(66)
Gain on disposal of a joint venture	–	(90)
Impairment losses on goodwill	2,755	39,950
Impairment losses on other receivables	428	4,373
Impairment losses on trade receivables	616	812
Impairment losses on loan receivables	23,576	27,054
(Gain)/Loss on disposal of financial assets at FVTPL	(450)	13,856
Impairment losses on property, plant and equipment	–	15
Impairment losses on intangible assets	–	10,496
Fair value change on financial assets at FVTPL	(18,577)	11,644
Loss on disposal of a disposed group reclassified as held for sale	79	–

For the year ended 31 March 2021, COVID-19 related government grants/assistance amounting to approximately HK\$1,436,000 have been offset against staff costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Details of directors' emoluments are as follows:

For the year ended 31 March 2021

	Fees HK'000	Salaries and allowances HK'000	Discretionary bonus HK'000	Equity-settled share-based payments HK'000	Retirement benefits scheme contributions HK'000	Total HK'000
Executive directors						
Mr. Ip Kwok Kwong	-	2,971	-	-	18	2,989
Mr. Wu Di	-	312	-	-	10	322
Independent non-executive directors						
Mr. Sek Wai Kit ¹	60	-	-	-	-	60
Mr. Tang Wai Kee	72	-	-	-	-	72
Mr. So Kwok Yun	72	-	-	-	-	72
Mr. Cheung Ka Chun ²	84	-	-	-	-	84
	288	3,283	-	-	28	3,599

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) Details of directors' emoluments are as follows: (Continued)

For the year ended 31 March 2020

	Fees HK'000	Salaries and allowances HK'000	Discretionary bonus HK'000	Equity-settled share-based payments HK'000	Retirement benefits scheme contributions HK'000	Total HK'000
Executive directors						
Mr. Ip Kwok Kwong	–	2,159	–	1,002	18	3,179
Mr. Wu Di	–	312	–	1,002	–	1,314
Independent non-executive directors						
Mr. Tang Wai Kee	144	–	–	438	–	582
Mr. So Kwok Yun	144	–	–	438	–	582
Mr. Cheung Ka Chun	144	–	–	438	–	582
	432	2,471	–	3,318	18	6,239

Note:

1. Mr. Sek Wai Kit was appointed as independent non-executive director on 31 October 2020.
2. Mr. Cheung Ka Chun was resigned as independent non-executive director on 31 October 2020.

Mr. Ip Kwok Kwong, Mr. Tang Wai Kee and Mr. So Kwok Yun agreed to waive emoluments of HK\$84,000, HK\$72,000 and HK\$72,000 respectively in respect of the year ended 31 March 2021 due to the negative impacts of the outbreak of COVID-19. None of the directors had waived or agreed to waive any emoluments in respect of the year ended 31 March 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2020: two) directors whose emoluments were disclosed above. The emoluments of the remaining four (2020: three) individuals during the year are as follows:

	2021 HK\$'000	2020 HK\$'000
Basic salaries and allowances	1,713	5,358
Retirement benefits scheme contributions	63	54
	1,776	5,412

The emoluments of the four (2020: three) individuals with highest emoluments are within the following bands:

	Number of individuals	
	2021	2020
Nil to HK\$1,000,000	4	–
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	–	2
	4	3

During both years ended 31 March 2020 and 2021, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office.

(c) Senior management's emoluments

Senior management represents the executive directors. The emoluments paid or payable to senior management during the year have been set out in the analysis presented above.

(d) Directors' material interests in transactions, arrangements or contracts

Save for disclosed in note 42 to the consolidated financial statements, no other significant transaction, arrangement and contract in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

13. INCOME TAX CREDIT

	2021 HK\$'000	2020 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	–	64
Over-provision in prior years	–	(20)
	–	44
Current tax – EIT in the PRC		
Provision for the year	–	–
Over-provision in prior years	–	(1)
	–	(1)
Deferred taxation (note 35)	–	43
	–	(792)
	–	(749)

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25%, and profits above that amount will be subject to the tax rate of 16.5% for the year ended 31 March 2020.

No provision for Hong Kong Profit Tax is made as the Group did not have assessable profit for the year ended 31 March 2021.

EIT in the PRC is provided at the rate of 25% (2020: 25%) applicable to the subsidiaries in the PRC on the income for statutory reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax regulations, practices and interpretations thereof.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

13. INCOME TAX CREDIT (Continued)

No provision for EIT is required as the Group's PRC subsidiaries did not have assessable profit for the years ended 31 March 2020 and 2021.

The reconciliation between the income tax credit and the loss before tax is as follows:

	2021 HK\$'000	2020 HK\$'000
Loss before tax	(3,545)	(129,759)
Tax at the domestic income tax rate of 16.5% (2020: 16.5%)	(585)	(21,410)
Tax effect of share of results of associates	–	168
Tax effect of non-deductible expenses	5,095	13,718
Tax effect of non-taxable income	(1,281)	(4,103)
Tax effect of temporary differences not recognised	(3,290)	1,426
Utilisation of tax losses previously not recognised	(813)	–
Tax effect of tax loss not recognised	907	7,715
Over-provision in prior years	–	(21)
Effect of different tax rates of subsidiaries	(33)	1,758
Tax credit for the year	–	(749)

14. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% (2020: 5%) of the salaries and wages, subject to a cap of monthly relevant income of HK\$30,000 (2020: HK\$30,000) and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme are to meet the required contributions under the scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

15. DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 March 2021 (2020: Nil).

16. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	2021 HK\$'000	2020 HK\$'000
Loss for the purpose of calculating basic/diluted loss per share	(4,243)	(126,468)

	2021 '000	2020 '000 (restated)
Number of shares		

Weighted average number of ordinary shares for the purpose of calculating basic/diluted loss per share

401,721 440,240

The effect of the Company's outstanding share options for the year ended 31 March 2021 and 2020 do not give rise to any dilution to loss per share.

For the year ended 31 March 2020, the weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted to take into effect of the Share Consolidation (as defined in note 36(a)) and bonus element in the Right issues (as defined in note 36(b)) with effect from 19 August 2020 and 22 February 2021 respectively as if it had been effective on 1 April 2019.

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

On 18 March 2020, the Company announced the decision of its board of directors to dispose of 100% of the equity interests of IAM Group Inc.. IAM Group Inc. engages in the provision of services relating to the dealing in securities via a licensed corporation under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"). As at 31 March 2020, final negotiation for the transaction was in progress and IAM Group Inc. was classified as a disposal group held for sale and were presented separately in the consolidated statement of financial position.

On 7 January 2021, the Group completed the disposal of 100% equity interests in IAM Group Inc., Infast Brokerage Limited and Infast Asset Management Company Limited (collectively referred to as the "IAM Group").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

(Continued)

The following major classes of assets and liabilities of a disposal group of the IAM Group classified as held for sale in the consolidated statement of financial position as at 31 March 2020.

	2020 HK\$'000
Property, plant and equipment	4
Intangible assets	2,304
Other deposits	200
Trade receivables	1,631
Prepayments, deposits and other receivables	352
Bank balances and cash	
– General accounts	4,232
– Trust accounts	2,556
Assets of a disposal group classified as held for sale	11,279
Trade payables	3,579
Accruals and other payables	317
Lease liabilities	983
Liabilities of a disposal group classified as held for sale	4,879
Net assets of a disposal group classified as held for sale	6,400

Details of sales proceeds and loss on disposal are as follow:

	2021 HK\$'000
Consideration	6,321
Net assets disposed of a disposal group classified as held for sales	(6,400)
Loss on disposed of a disposal group classified as held for sales	(79)
Net proceeds on disposal of the subsidiaries are as follows:	
Net proceeds received	2,089
Net cash flow arising on disposal:	
Proceeds received in cash	6,321
Cash and bank balances of a disposal group classified as held for sales	(4,232)
Net cash flow arising on disposal	2,089

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK\$'000	Furniture and equipment HK\$'000	Office equipment HK\$'000	Motor vehicle HK\$'000	Total HK\$'000
Cost					
At 1 April 2019	1,928	1,943	3,050	1,113	8,034
Additions	86	–	12	–	98
Disposal	–	–	–	(675)	(675)
Exchange realignment	(37)	(24)	(61)	(34)	(156)
Reclassified as held for sale	(578)	(87)	(1,605)	–	(2,270)
At 31 March 2020 and 1 April 2020	1,399	1,832	1,396	404	5,031
Additions	–	10	7	–	17
Disposal	–	–	(8)	–	(8)
Exchange realignment	24	16	62	34	136
At 31 March 2021	1,423	1,858	1,457	438	5,176
Accumulated depreciation and impairment					
At 1 April 2019	1,631	1,533	2,809	787	6,760
Charge for the year	145	20	126	113	404
Disposal	–	–	–	(461)	(461)
Impairment losses	–	4	11	–	15
Exchange realignment	(31)	(18)	(33)	(35)	(117)
Reclassified as held for sale	(578)	(86)	(1,602)	–	(2,266)
At 31 March 2020 and 1 April 2020	1,167	1,453	1,311	404	4,335
Charge for the year	128	16	89	–	233
Disposal	–	–	(8)	–	(8)
Exchange realignment	20	12	21	34	87
At 31 March 2021	1,315	1,481	1,413	438	4,647
Carrying amount					
At 31 March 2021	108	377	44	–	529
At 31 March 2020	232	379	85	–	696

Impairment losses recognised

For the year ended 31 March 2020, the Group had appointed an independent professional valuer, Ravia Global Appraisal Advisory Limited ("Ravia"), to assess the recoverable amounts of the Group's CGU, relating to the financial services segment operated under IAM Group Inc., and impairment losses of property, plant and equipment of approximately HK\$15,000 was recognised, as further detailed in note 20 to these consolidated financial statements

No further impairment losses of property, plant and equipment attribute to the CGU of IAM Group Inc. has been recognised during the year ended 31 March 2021 following which was reclassified as asset held for sale as at 31 March 2020 and disposed during the year ended 31 March 2021 as detailed in note 17 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

19. INTANGIBLE ASSETS

	Trading rights HK\$'000
Cost	
At 1 April 2019	12,800
Reclassified as held for sale	(12,800)
<hr/>	
At 31 March 2020, 1 April 2020 and 31 March 2021	–
Accumulated amortisation and impairment losses	
At 1 April 2019	–
Impairment losses recognised	10,496
Reclassified as held for sale	(10,496)
<hr/>	
At 31 March 2020, 1 April 2020 and 31 March 2021	–
Carrying amount	
At 31 March 2021	–
<hr/>	
At 31 March 2020	–

The intangible assets represent the trading rights is held by IAM Group Inc. being acquired by the Group during the year ended 31 March 2017. The trading rights have no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the trading rights was considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until their useful life are determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired during the year.

The Group reviews the recoverable amount of the trading rights and tests the impairment annually. The recoverable amount of the trading rights has been allocated to the CGU of IAM Group Inc. and determined based on FVLCD (as defined in note 20). During the year ended 31 March 2020, an impairment losses on trading right of approximately HK\$10,496,000 was recognised. Details of the key assumptions used in the calculation of the recoverable amount of the CGU of IAM Group Inc. as at 31 March 2020 are set out in note 20 to the consolidated financial statements.

No further impairment losses of trading rights has been recognised during the year ended 31 March 2021 following IAM Group Inc. reclassified as assets held for sale as at 31 March 2020 and disposed during the year ended 31 March 2021 as detailed in note 17 to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

20. GOODWILL

	Media advertising activities (Note 1) HK\$'000	Money lending activities (Note 2) HK\$'000	Securities broking activities (Note 3) HK\$'000	Total HK\$'000
Cost				
At 1 April 2019	84,956	26,755	66,610	178,321
Reclassified as held for sale	–	–	(66,610)	(66,610)
At 31 March 2020, 1 April 2020 and 31 March 2021	84,956	26,755	–	111,711
Impairment				
At 1 April 2019	52,139	–	43,036	95,175
Impairment during the year	16,376	–	23,574	39,950
Reclassified as held for sale	–	–	(66,610)	(66,610)
At 31 March 2020 and 1 April 2020	68,515	–	–	68,515
Impairment during the year	–	2,755	–	2,755
At 31 March 2021	68,515	2,755	–	71,270
Carrying amount				
At 31 March 2021	16,441	24,000	–	40,441
At 31 March 2020	16,441	26,755	–	43,196

Goodwill has been allocated for impairment testing purposes to cash-generating units of media advertising activities (the "Media CGU"), money lending activities (the "Money Lending CGU") and IAM Group Inc. (the "IAM CGU").

Notes:

- As at 31 March 2021, the recoverable amount of the Media CGU has been determined based on a value in use calculation which uses cash flow projection based on financial budgets approved by the directors of the Company and valued by the independent professional valuer covering a five-year period and pre-tax discount rate. Cash flows beyond that five-year period have been extrapolated using the estimated growth rate stated below. This growth rate does not exceed the long-term average growth rate for the market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

20. GOODWILL (Continued)

Notes: (Continued)

1. (Continued)

Key assumptions used in the calculation are as follows:

	2021	2020
Gross profit margin (% of revenue)	60%	60%
Net profit margin (% of revenue)	31%-42%	31%-34%
Long term growth rate	3%	3%
Discount rate	26.54%	29.29%

The above key assumptions were used in the value-in-use calculation of the Media CGU as at 31 March 2021 and 2020. The following describes each key assumption on which senior management has based its cash flow projections to undertake impairment testing of goodwill:

Gross profit margin – The basis used to determine the value assigned to the budgeted gross profit margin is the average gross profit margin expected to achieve since the year when media advertising activities are provided.

Net profit margin – The basis used to determine the value assigned to the budgeted net profit margin is the average net profit margin expected to achieve since the year when media advertising activities are provided.

Long-term growth rate – The long-term growth rate does not exceed the long-term average growth rate for the industry and the country in which the Media CGU currently operates.

Discount rate - The discount rate used is pre-tax and reflects specific risks relating to the Media CGU.

Based on the above assessment, the management of the Group have assessed the recoverable amount of the Media CGU amounting to approximately HK\$21,700,000 (2020: HK\$16,441,000) which was higher than its carrying value as at 31 March 2021 and no addition impairment loss was recognised on the Media CGU in the Group's consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2021 (2020: impairment loss of approximately HK\$16,376,000) made for Media CGU.

2. As at 31 March 2021, the recoverable amount of the Money Lending CGU has been determined based on a value-in-use calculation which uses cash flow projection based on financial budgets approved by the directors of the Company and valued by the independent professional valuer covering a five-year period and pre-tax discount rate. Cash flows beyond that five-year period have been extrapolated using the estimated growth rate stated below. This growth rate does not exceed the long-term average growth rate for the market.

Key assumptions used in the calculation are as follows:

	2021	2020
Net profit margin (% of revenue)	25%-27%	25%
Long term growth rate	3%	3%
Discount rate	19.78%	18.75%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

20. GOODWILL (Continued)

Notes: (Continued)

2. (Continued)

The above key assumptions were used in the value-in-use calculation of the Money Lending CGU as at 31 March 2021 and 2020. The following describes each key assumption on which senior management has based its cash flow projections to undertake impairment testing of goodwill:

Net profit margin – The basis used to determine the value assigned to the budgeted net profit margin is the average net profit margin expected to achieve since the year when money lending activities are provided.

Long-term growth rate – The long-term growth rate does not exceed the long-term average growth rate for the industry and the country in which the Money Lending CGU currently operates.

Discount rate - The discount rate used is pre-tax and reflects specific risks relating to the Money Lending CGU.

Based on the above assessment, the management of the Group have assessed the recoverable amount of the Money Lending CGU amounting to approximately HK\$24,000,000 (2020: HK\$29,900,000) which was lower than its carrying value as at 31 March 2021. Accordingly, an impairment loss on goodwill of approximately HK\$2,755,000 (2020: Nil) was recognised in the Group's consolidated statement of profit or loss during the year ended 31 March 2021 on the basis of material decline in the recoverable amount which was below the carry amount and adverse changes in the market in money lending business.

3. The Group reviews the recoverable amount of the goodwill relating to securities broking activities and tests the impairment annually. During the year ended 31 March 2020, the directors of the Company assessed the recoverable amount of IAM CGU in which the intangible asset (note 19), goodwill and related property, plant and equipment (note 18) in respect of IAM CGU were allocated. The recoverable amount of the IAM CGU based on FVLCD was approximately HK\$6,400,000. Accordingly, during the year ended 31 March 2020, an impairment losses of approximately HK\$23,574,000, approximately HK\$10,496,000 and approximately HK\$15,000 were recognised in respect of goodwill, intangible assets and property, plant and equipment due to the fact that the recoverable amount of the IAM Group Inc. was lower than its carrying amount following the key assumptions used in the FVLCD had been revised by the senior management after the Group received an offer for IAM Group Inc. from a potential investor. In determining the FVLCD of the IAM CGU, management has adopted the market approach (level 3 fair value measurements). Several companies with business scopes and operations similar to those of IAM Group Inc. were adopted as comparable companies. The comparable companies were selected mainly with reference to the following selection criteria:

- the comparable companies selected are principally engaged in provision of securities broking activities in Hong Kong;
- the companies have sufficient listing and operating histories; and
- the financial information of the companies is available to the public.

	2020
Book value multiple	0.92
Discount of lack of marketability	16%
Control premium	30%
Recoverable amount (HK\$'000)	6,400
Impairment (HK\$'000)	23,574

No further impairment losses of goodwill allocated to securities broking activities has been recognised during the year ended 31 March 2021 following IAM Group Inc. reclassified as held for sale as at 31 March 2020 and disposed during the year ended 31 March 2021 as detailed in note 17 to the consolidated financial statements.

As at 31 March 2021 and 2020, the recoverable amount of the above CGUs have been arrived at based on a valuation carried out by Ravia, an independent qualified professional valuer.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the above CGUs to exceed its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

21. DEPOSITS PLACED FOR LIFE INSURANCE POLICIES

	2021 HK\$'000	2020 HK\$'000
Deposits placed for life insurance policies	2,833	2,755

In June 2017, an indirectly owned subsidiary of the Company (the "Subsidiary") entered into a life insurance policy denominated in United States dollars (the "Policy") with an insurance company to insure its chief operating officer. Under the Policy, the beneficiary and policy holder are the Subsidiary and the total insured sum is US\$1,288,342 (equivalent to approximately HK\$10,112,000). At inception of the Policy, the Subsidiary was required to pay an upfront deposit of US\$400,000 (equivalent to approximately HK\$3,125,000) including a premium charge amounted to US\$24,000 (equivalent to approximately HK\$188,000). The Subsidiary can terminate the Policy at any time and receive cash refund based on the cash value of the Policy at the date of withdrawal, which is determined by the upfront payment of US\$400,000 plus accumulated interest earned and minus the premium charge at inception, and the accumulated insurance and policy expense charge ("Cash Value"). If such withdrawal is made at any time during the first to the eighteen policy year, as appropriate, a pre-determined specified surrender charge would be imposed. The policy premium expense and insurance charges are recognised in profit or loss over the expected life of the life insurance policy and the deposit placed is carried at amortised cost using the effective interest method. The insurance company paid the Subsidiary an interest of 3.55% per annum on the outstanding Cash Value of the policy for the first year. Commencing on the second year, the interest will be a variable return with minimum guaranteed interest rate of 2% per annum by the insurance company on an annual basis.

The carrying amounts of the deposit paid for a life insurance policy as at 31 March 2021 and 2020 approximate the Cash Value of the insurance policy and the expected life of the policy remained unchanged from the initial recognition.

At the end of the reporting period, deposit placed for a life insurance policies with the carrying amount of approximately HK\$2,833,000 (2020: HK\$2,755,000) has been pledged as security for the bank borrowing.

22. INVESTMENT IN AN ASSOCIATE

	2021 HK\$'000	2020 HK\$'000
Investments in an associate		
Unlisted investments	-	-

Investment in an associate

Details of the Group's associate at 31 March 2021 and 2020 are as follows:

Name	Place of Establishment	Registered and paid up capital	Percentage of ownership/voting power/ profit sharing		Principal activities
			2021	2020	
北京漢華信誠資產顧問有限公司 ("北京漢華")(Note)	The PRC	US\$60,000	50%	50%	Inactive

Note: The business license of 北京漢華 has been suspended since 18 July 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

23. LOAN RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Loan receivables	136,647	161,183
Accumulated impairment losses recognised	(26,959)	(8,295)
	109,688	152,888
Less: current portion	(91,190)	(100,291)
Non-current portion	18,498	52,597

The Group's loan receivables arose from the money lending activities.

As at 31 March 2021, all loan receivables are denominated in Hong Kong dollar ("HK\$") and carried at fixed effective interest rate ranging from 5% to 18% (2020: 6% to 18%) per annum and with the terms ranging from 90 days to 3 years (2020: 90 days to 3 years).

As at the end of the reporting period, the aging analysis of loan receivables (net of impairment losses), based on loans draw down date, is as follows:

	2021 HK\$'000	2020 HK\$'000
1 to 30 days	–	24,056
31 to 90 days	–	14,871
91 to 180 days	4,544	3,535
181 to 365 days	–	44,434
Over 365 days	105,144	65,992
	109,688	152,888

The aging analysis of the Group's loans receivable (net of impairment loss) prepared based on contractual maturity dates are as follows:

	2021 HK\$'000	2020 HK\$'000
Not yet past due	104,608	152,393
Less than 3 months past due	476	–
Over 3 months past due	4,604	495
	109,688	152,888

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

23. LOAN RECEIVABLES (Continued)

Details of impairment assessment of loan receivables for the years ended 31 March 2021 and 2020 are set out in note 6(c) to the consolidated financial statements.

24. TRADE RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables	8,738	8,195
Allowance for doubtful debts	(1,074)	(624)
	7,664	7,571

The Group's trading terms with customers are mainly on credit. The credit terms generally at 14 days (2020: 14 days). Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables in order to minimise credit risk. Overdue balances are reviewed regularly by the senior management.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2021 HK\$'000	2020 HK\$'000
0-30 days	5,069	3,936
31-90 days	1,667	1,191
91-180 days	312	1,822
181-365 days	400	490
Over 365 days	216	132
	7,664	7,571

The aging analysis of the past due trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2021 HK\$'000	2020 HK\$'000
Less than 60 days past due	2,556	2,989
Over 60 days past due	1,329	1,071
	3,885	4,060

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

24. TRADE RECEIVABLES (Continued)

Details of impairment assessment of trade receivables for the years ended 31 March 2021 and 2020 are set out in note 6(c) to the consolidated financial statements.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Prepayments	24	1,693
Deposits	2,186	2,286
Other receivables, net of impairment	14,127	12,493
	16,337	16,472
Accumulated impairment losses recognised	(27)	–
	16,310	16,472

Details of impairment assessment of deposits and other receivables for the years ended 31 March 2021 and 2020 are set out in note 6(c) to the consolidated financial statements.

26. FINANCIAL ASSETS AT FVTPL

	2021 HK\$'000	2020 HK\$'000
Equity securities listed in Hong Kong, at fair value	49,667	12,101

At 31 March 2021, the fair value of the listed equity securities, amounting to approximately HK\$49,667,000 (2020: HK\$12,101,000), was determined based on the quoted market bid prices (level 1 measurement) of the corresponding listed equity securities.

27. BANK BALANCES AND CASH

	2021 HK\$'000	2020 HK\$'000
Cash on hand	126	108
Cash at broker	6,000	–
Cash at bank	42,417	3,409
	48,543	3,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

27. BANK BALANCES AND CASH (Continued)

At 31 March 2021, the bank balances and cash of the Group denominated in Renminbi (“RMB”) amounted to approximately HK\$492,000 (2020: HK\$397,000). The RMB is not freely convertible into other currencies. However, under the PRC’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

28. TRADE PAYABLES

The aging analysis of trade payables, based on invoice date is as follows:

	2021 HK\$'000	2020 HK\$'000
0-90 days	5,378	5,266
91-180 days	–	39
181-365 days	64	64
Over 365 days	–	81
	5,442	5,450

29. ACCRUALS AND OTHER PAYABLES

	2021 HK\$'000	2020 HK\$'000
Accruals	24,526	26,567
Other payables	7,355	10,682
	31,881	37,249

30. AMOUNT DUE TO A DIRECTOR

The amount due is unsecured, interest-free and repayable on demand.

31. CONTRACT LIABILITIES

	2021 HK\$'000	2020 HK\$'000
Billings in advance of performance obligation		
– Appraisal service	1,647	2,076

Contract liabilities represent balances due to customers under appraisal contracts. These arise if a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

31. CONTRACT LIABILITIES (Continued)

The movements in contract liabilities are as follows:

	HK\$'000
Balance at 1 April 2019	2,015
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities	(416)
Increase in contract liabilities as a result of billing in advance of appraisal activities	477
Balance at 31 March 2020 and 1 April 2020	2,076
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities	(1,228)
Increase in contract liabilities as a result of billing in advance of appraisal activities	799
Balance at 31 March 2021	1,647

32. BANK AND OTHER BORROWINGS

	2021 HK\$	2020 HK\$
Bank loan	1,093	1,412
Bank overdrafts	1,198	3,286
Other loan repayable	5,172	4,000
	7,463	8,698
Less: current portion	(4,791)	(8,698)
Non-current portion	2,672	–
Analysis into:		
The carrying amounts of the above borrowings are repayable:		
Within one year or on demand	4,791	8,698
In the second year to fifth years, inclusive	2,672	–
	7,463	8,698

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

32. BANK AND OTHER BORROWINGS (Continued)

All bank and other borrowings are denominated in HK\$ as at 31 March 2021 and 2020. At the end of reporting period, the bank loan of the Group contains a repayment on demand clause.

As at 31 March 2021, the Group's bank loan was interest bearing at the fixed rate of 2.5% per annum (2020: 2.5% per annum) while the Group's bank overdrafts was interest bearing at the average floating rate of 4.5% per annum (2020: 4.5% per annum). As at 31 March 2021 and 2020, the Group's bank loans and bank overdrafts were pledged by the deposits placed for life insurance policies of the Group.

As at 31 March 2021, the Group has two other loans which bore interest at the rate of 12% per annum and 15% per annum (2020: 12% per annum and 36% per annum) and secured by personal guarantee of a director of the Company, Mr. Ip Kwok Kwong (2020: personal guarantee by a director of the Company, Mr. Ip Kwok Kwong).

33. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Within one year	395	7,065	392	6,807
In the second to fifth years, inclusive	–	1,835	–	1,820
After five years	–	–	–	–
Total minimum finance lease payments	395	8,900	392	8,627
Less: Future finance charges	(3)	(273)	N/A	N/A
Present value of lease obligations	392	8,627	392	8,627
Less: Amount due for settlement within 12 months (shown under current liabilities)			(392)	(6,807)
Amount due for settlement after 12 months			–	1,820

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

34. PROMISSORY NOTES

	Promissory Note (Note 1) HK\$'000	Promissory Note (Note 2) HK\$'000	Total HK\$'000
At 1 April 2019	20,600	35,020	55,620
Interest on promissory notes	600	1,020	1,620
At 31 March 2020 and 1 April 2020	21,200	36,040	57,240
Interest on promissory notes	600	1,020	1,620
At 31 March 2021	21,800	37,060	58,860
At 31 March 2021:			
Analysed as:			
Current liabilities	–	37,060	37,060
Non-current liabilities	21,800	–	21,800
At 31 March 2020:			
Non-current liabilities	21,200	36,040	57,240

Notes:

- On 13 November 2014, the Company issued a series of promissory notes with total principal amounts of HK\$110,000,000 (the "Promissory Note") to an independent third party (the "Vendor") as part of the consideration for an acquisition (the "Acquisition") of 80% equity interest in Golden Vault Limited by the Group. The promissory notes were interest-bearing at 3% per annum. The maturity date is the day falling on the tenth business day from the date of receipt by the Group of the 2016 Auditors' certificate.

Pursuant to the terms of the Acquisition, the Vendor have irrevocably and unconditionally warranted and guaranteed to the subsidiary of the Company the profits after taxation of Golden Vault Limited calculated in accordance with HKFRSs for the years ending 31 December 2015 and 2016 will not be less than RMB6,000,000 (the "2015 Guaranteed Profit") and RMB6,200,000 (the "2016 Guaranteed Profit"). In the event the 2015 Guaranteed Profit or 2016 Guaranteed Profit is not fulfilled, the Vendor shall compensate the Group an amount calculated according to the agreement by way of setting off against the outstanding amount of the promissory note or in cash.

Based on the valuation carried out by a firm of independent qualified professional valuers, the fair value of the Promissory Note at the date of issue was approximately HK\$92,388,000. The effective interest rate of the promissory notes were 10.96% per annum.

On 23 October 2015, an aggregate principal amount of HK\$90,000,000 with accrued interest thereon were early redeemed by the Company, and settled by the net proceeds from the placing and the subscription of the Company's shares. A loss on early redemption of the promissory note of approximately HK\$9,026,000 was recognised in the consolidated profit or loss for the year ended 31 March 2016.

On 26 March 2018, the Company renewed the promissory note with the outstanding principal of HK\$20,000,000 (the "Promissory Note 1") with the Promissory Note 1 holder. The Promissory Note 1 are interest-bearing at 3% per annum. The maturity date is the date falling three years from 26 March 2018.

On 31 March 2020, the Company renewed the Promissory Note 1 with the Promissory Note 1 holder. The Promissory Note 1 are interest-bearing at 3% per annum. The maturity date is the date falling three months from 26 March 2021.

On 31 March 2021, the Company renewed the Promissory Note 1 with the Promissory Note 1 holder. The Promissory Note 1 are interest-bearing at 3% per annum. The maturity date is the date falling 1 year from 26 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

34. PROMISSORY NOTES (Continued)

Notes: (Continued)

2. On 22 October 2015, the Company issued promissory notes (the "Promissory Notes 2") in an aggregate principal amount of HK\$34,000,000 for the acquisition of additional 19% of the entire issued share capital of an entity from an independent third party. The Promissory Notes 2 were interest-bearing at 3% per annum.

Based on the valuation carried out by a firm of independent qualified professional valuers, the fair value of the Promissory Note 2 at the date of issue was approximately HK\$29,209,000. The effective interest rate of the Promissory Note 2 was 10.60% per annum. The Promissory Notes 2 were expired on 3 November 2017 and extended to 3 November 2020.

On 31 March 2020, the Company renewed the Promissory Note 2 with the Promissory Note 2 holder. The Promissory Note 2 are interest-bearing at 3% per annum. The maturity date is the date falling 6 months from 3 November 2020.

35. DEFERRED TAXATION

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2021 HK\$'000	2020 HK\$'000
Deferred tax assets	-	-
Deferred tax liabilities	-	-
	-	-

The movements in deferred tax assets and liabilities for the years ended 31 March 2021 and 2020 are as follows.

	Trading rights HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 April 2019	(2,112)	1,320	(792)
Credited/(Charged) to profit or loss for the year (note 13)	2,112	(1,320)	792
At 31 March 2020, 1 April 2020 and 31 March 2021	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

35. DEFERRED TAXATION (Continued)

At 31 March 2021, the Group has unused tax losses of approximately HK\$98,809,000 (2020: HK\$147,393,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK\$6,248,000 (2020: HK\$5,078,000) that will expire as follows:

	2021 HK\$'000	2020 HK\$'000
Year 2021	–	475
Year 2022	1,364	1,364
Year 2023	1,123	1,123
Year 2024	879	879
Year 2025	1,237	1,237
Year 2026	1,645	–
	6,248	5,078

Other tax losses may be carried forward indefinitely.

Temporary differences arising in connection with interests in subsidiaries, associates and a joint venture are insignificant as at 31 March 2021 and 2020.

36. SHARE CAPITAL

	note	Number of shares '000	Amount HK\$'000
Authorised:			
At 1 April 2019, 31 March 2020 and 1 April 2020 (HK\$0.1 each)		1,000,000	100,000
Share Consolidation	a	(500,000)	–
Share Sub-division	a	4,500,000	–
Increase in Authorised Share Capital	b	45,000,000	900,000
As at 31 March 2021 (HK\$0.02 each)		50,000,000	1,000,000
Issued and fully paid:			
At 1 April 2019, 31 March 2020 and 1 April 2020 (HK\$0.1 each)		582,956	58,296
Share Consolidation	a	(291,478)	–
Capital Reduction	a	–	(52,466)
Right Issue	b	874,434	17,489
As at 31 March 2021 (HK\$0.02 each)		1,165,912	23,319

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

36. SHARE CAPITAL (Continued)

- a. An ordinary resolution was passed at the extraordinary general meeting of the Company held on 17 August 2020 approving the Share Consolidation (defined as below), the Capital Reduction (defined as below) and the Share Sub-division (defined as below) on the basis that:
- (i) Every two issued and unissued shares of HK\$0.1 each in the share capital of the Company be consolidated into one share of HK\$0.20 (the "Share Consolidation") which effect on 19 August 2020. Following the implementation of the Share Consolidation, the Company's authorised share capital becomes HK\$100,000,000 divided into 500,000,000 shares of HK\$0.20 each, and its issued share capital becomes HK\$58,295,586 divided into 291,477,930 shares of HK\$0.20 each (the "Consolidated Shares").
 - (ii) Immediately following the Share Consolidation taking effect, the issued share capital of the Company was reduced by cancelling paid up capital to the extent of HK\$0.18 on each of the Consolidated Shares in issue such that the par value of all the issued Consolidated Shares be reduced (the "Capital Reduction") from HK\$0.20 each to HK\$0.02 each which effected on 19 November 2020.
 - (iii) Immediately following the Capital Reduction becoming effect, each of the authorised but unissued Consolidated Shares of par value of HK\$0.20 each will be sub-divided into ten new shares of par value of HK\$0.02 each (the "Share Sub-division") which effected on 19 November 2020.
- b. An ordinary resolution was passed at the extraordinary general meeting of the Company held on 6 January 2021 approving the Increase in Authorised Share Capital (defined as below) and the Right Issue (defined as below) on the basis that:
- (i) the authorised share capital of the Company was increased from HK\$100,000,000 divided into 5,000,000,000 shares of HK\$0.02 each, to HK\$1,000,000,000 by the creation of an additional 45,000,000,000 new shares of HK\$0.02 each (the "Increase in Authorised Share Capital").
 - (ii) Subject to and forthwith upon Increase in Authorised Share Capital taking effect, the Company issued 874,433,790 new ordinary shares under rights issue at a subscription price of HK\$0.05 per share on the basis of three shares for every one ordinary share (the "Rights Issue"). The rights issue was completed on 22 February 2021 and the Company raised gross proceeds of approximately HK\$43,722,000 before deduction of incidental share issuance expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

36. SHARE CAPITAL (Continued)

The Group manages its capital to maintain an optimal capital structure so as to maximise the return to its shareholders, to protect the interests of its shareholders, safeguard the Group's ability to continue as a going concern and to be able to serve its debts when they are due. In order to maintain and/or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, obtain various forms of debt/equity financing available in the market at an appropriate cost when necessary.

Management reviews the capital structure on a quarterly basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The Group monitors its capital structure on the basis of gearing ratio. The Group's gearing ratio as at 31 March 2021 is 40.3% (2020: 50.7%), which is calculated by dividing total liabilities of approximately HK\$111,009,000 (2020: approximately HK\$126,973,000) over the total assets of approximately HK\$275,734,000 (2020: approximately HK\$250,475,000).

The Group's overall strategy remains unchanged during the year ended 31 March 2021.

The only externally imposed capital requirement of the Group to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares.

37. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium account

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

37. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(ii) Capital reserve

The capital reserve of the Group represents (i) the original investment costs in the Greater China Appraisal Limited and GCA Holdings Limited incurred by the Group, (ii) the non-controlling interests in the retained profits of Greater China Appraisal Limited and GCA Holdings Limited acquired by GCA Professional Services Group Limited upon a group reorganisation in 2010, and (iii) the difference of the cost of 999 ordinary shares issued in exchange for the entire shareholdings of Fidelia Investments Limited and New Valiant Limited and the nominal value of issued and paid up shares of the subsidiaries existed immediately before the Group Reorganisation.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(c) to the consolidated financial statements.

(iv) Share options reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and other eligible participants of the Group recognised in accordance with the accounting policy adopted for equity settled share-based payments in note 4(s) to the consolidated financial statements.

38. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time employees, officers, directors of the Company and its subsidiaries. The Scheme was adopted by a resolution of the Company on 18 May 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years commencing from the adoption date as defined in the scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

38. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

The maximum number of shares in respect of which options may be granted at any time under the Scheme together with options which may be granted under any other share option schemes for the time being of the Group shall not exceed such number of shares as equals to 10% of the issued share capital of the Company at the date of approval of the Scheme. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting. Unless approval by the Company's shareholders, the total number of shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue.

Each grant of options to any of the directors, chief executive or substantial shareholders of the Company, or any of their respective associates must be approved by the independent non-executive directors (excluding the independent non-executive director who is the proposed grantee of the option (if any)). Where any grant of options to a substantial shareholder of the Company or an independent non-executive director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the shares in issue; and
- (ii) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by shareholders of the Company.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by each grantee. An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Scheme.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

38. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

Details of the specific categories of options are as follows:

Share option lot A

Grantee	Date of grant	Exercisable period	Exercise price	Number of share options outstanding
Option H	6 January 2012	From 30 January 2012 to 17 May 2021	HK\$2.153	5,573

If the options remain unexercised after a period of 10 years from the date of grant, the options shall expire. Options are forfeited if the employee leaves the Group before the options vest.

	2021		2020	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	88,560	1.626	95,940	1.626
Lapse during the year	(68,265)	1.626	(7,380)	1.626
Adjustment on the Share Consolidation	(16,605)	–	–	–
Adjustment on the Right Issues	1,883	–	–	–
Outstanding at the end of the year	5,573	2.153	88,560	1.626
Exercisable options at the end of the year	5,573	2.153	88,560	1.626

As a result of the Capital Reorganisation as set out in note 36(a) to the consolidated financial statements, the exercise price of the outstanding share options lot A was adjusted from HK\$1.626 per share to HK\$3.252 per share with effective from 19 August 2020. Upon the Completion of the Right Issue as set out in note 36(b) to the consolidated financial statements, the exercise price of the outstanding share options lot A was adjusted from HK\$3.252 per share to HK\$2.153 per share with effective from 22 February 2021. As at 31 March 2021, share options lot A have a weighted average remaining contractual life of 0.13 years (2020: 1.13 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

38. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

Share option lot B

Grantee	Date of grant	Exercisable period	Exercise price	Number of share options outstanding
Directors	18 April 2019	From 18 April 2019 to 17 April 2022	HK\$0.369	8,804,876
Employees	18 April 2019	From 18 April 2019 to 17 April 2022	HK\$0.369	13,207,314
Other eligible participants	18 April 2019	From 18 April 2019 to 17 April 2022	HK\$0.369	17,609,752
				39,621,942

	2021		2020	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	58,295,000	0.279	–	–
Share options grant during the year	–	–	58,295,000	0.279
Lapse during the year	(5,829,500)	0.279	–	–
Adjustment on the Share Consolidation	(26,232,750)	–	–	–
Adjustment on the Right Issues	13,389,192	–	–	–
Outstanding at the end of the year	39,621,942	0.369	58,295,000	0.279
Exercisable options at the end of the year	39,621,942	0.369	58,295,000	0.279

As a result of the Capital Reorganisation as set out in note 36(a) to the consolidated financial statements, the exercise price of the outstanding share options lot B was adjusted from HK\$0.279 per share to HK\$0.558 per share with effective from 19 August 2020. Upon the Completion of the Right Issue as set out in note 36(b) to the consolidated financial statements, the exercise price of the outstanding share options lot B was adjusted from HK\$0.558 per share to HK\$0.369 per share with effective from 22 February 2021. As at 31 March 2021, share options lot B have a weighted average remaining contractual life of 1.05 years (2020: 2.05 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

38. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

Share option lot B (Continued)

The fair value of share options of Share option lot B is determined at the date of grant using Binomial Option Pricing Model by an independent valuer and the following assumptions were used to calculate the fair value of share options:

2020

Directors:

Closing share price at date of grant	HK\$0.270
Exercise price	HK\$0.279
Volatility	179%
Expected dividend yield	0%
Expected exercise multiple	2.8
Risk free rate	1.487%

Employees and other eligible participants:

Closing share price at date of grant	HK\$0.270
Exercise price	HK\$0.279
Volatility	179%
Expected dividend yield	0%
Expected exercise multiple	2.2
Risk free rate	1.487%

Share option lot C

Grantee	Date of grant	Exercisable period	Exercise price	Number of share options outstanding
Other eligible participants	10 November 2017	From 10 November 2017 to 9 November 2020	HK\$0.726	–

	2021		2020	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	38,860,000	0.726	48,575,000	0.726
Lapse during the year	(38,860,000)	0.726	(9,715,000)	0.726
Outstanding at the end of the year	–	–	38,860,000	0.726
Exercisable option at the end of the year	–	–	38,860,000	0.726

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

38. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

Share option lot D

Grantee	Date of grant	Exercisable period	Exercise price	Number of share options outstanding
Independent non-executive Directors	31 March 2020	From 31 March 2020 to 30 March 2023	HK\$0.151	11,886,583
Employees	31 March 2020	From 31 March 2020 to 30 March 2023	HK\$0.151	27,735,359
				39,621,942

	2021		2020	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	58,295,000	0.114	–	–
Share options grant during the year	–	–	58,295,000	0.114
Adjustment on the Share Consolidation	(29,147,500)	–	–	–
Lapse during the year	(2,914,750)	0.228	–	–
Adjustment on the Right Issues	13,389,192	–	–	–
Outstanding at the end of the year	39,621,942	0.151	58,295,000	0.114
Exercisable options at the end of the year	39,621,942	0.151	58,295,000	0.114

As a result of the Capital Reorganisation as set out in note 36(a) to the consolidated financial statements, the exercise price of the outstanding share options lot D was adjusted from HK\$0.114 per share to HK\$0.228 per share with effective from 19 August 2020. Upon the Completion of the Right Issue as set out in note 36(b) to the consolidated financial statements, the exercise price of the outstanding share options lot D was adjusted from HK\$0.228 per share to HK\$0.151 per share with effective from 22 February 2021. As at 31 March 2021, share options lot D have a weighted average remaining contractual life of 2 years (2020: 3 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

38. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

Share option lot D (Continued)

The fair value of share options of Share option lot D is determined at the date of grant using Binomial Option Pricing Model by an independent valuer and the following assumptions were used to calculate the fair value of share options:

	2020
Independent non-executive Directors:	
Closing share price at date of grant	HK\$0.114
Exercise price	HK\$0.114
Volatility	183.931%
Expected dividend yield	0%
Expected exercise multiple	2.8
Risk free rate	0.618%
Employees:	
Closing share price at date of grant	HK\$0.114
Exercise price	HK\$0.114
Volatility	183.931%
Expected dividend yield	0%
Expected exercise multiple	2.2
Risk free rate	0.618%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. The assumptions used in computing the fair value of the share options are based on management's best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

39. CAPITAL COMMITMENTS

As at 31 March 2021, the Group did not have any significant capital commitments (2020: Nil).

40. CONTINGENT LIABILITIES

As at 31 March 2021, the Group had no material contingent liabilities (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

	Bank and other borrowings	Promissory notes	Lease liabilities	Total liabilities from financing activities
At 1 April 2020	8,698	57,240	8,627	74,565
Changes in cash flows	794	–	(1,521)	(727)
Cash outflow by repayment of bank overdrafts	(2,088)	–	–	(2,088)
Non-cash changes				
– Interest expense on promissory notes	–	1,620	–	1,620
– Interest on lease liabilities	–	–	55	55
– Interest on other borrowings	59	–	–	59
Gain on lease modification	–	–	(6,769)	(6,769)
At 31 March 2021	7,463	58,860	392	66,715

	Bank and other borrowings HK\$'000	Finance Leases payables HK\$'000	Promissory notes HK\$'000	Lease liabilities HK\$'000	Total liabilities from financing activities HK\$'000
At 31 March 2019	10,406	313	55,620	–	66,339
Impact on initial application of HKFRS 16	–	(313)	–	16,894	16,581
Restated balance at 1 April 2019	10,406	–	55,620	16,894	82,920
Changes in cash flows	(2,311)	–	–	(7,919)	(10,230)
Cash inflow by addition of bank overdrafts	603	–	–	–	603
Non-cash changes					
– Interest on promissory notes	–	–	1,620	–	1,620
– Interest on lease liabilities	–	–	–	635	635
Reclassified as held for sale	–	–	–	(983)	(983)
At 31 March 2020	8,698	–	57,240	8,627	74,565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(a) Reconciliation of liabilities arising from financing activities (Continued)

Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following

	2021 HK\$'000	2020 HK\$'000
Within operating cash flows	55	635
Within financing cash flows	1,466	7,284
	1,521	7,919

These amounts relate to the following:

	2021 HK\$'000	2020 HK\$'000
Lease rental paid	1,521	7,919

42. RELATED PARTY TRANSACTIONS

(a) Related party transaction

In addition to those related party transactions and balances disclosed elsewhere to the consolidated financial statements, the Group had the following transactions with its related parties during the year:

Corporate services and consultancy income from related companies	Name of directors and related parties having beneficial interest in the transaction	2021 HK\$'000	2020 HK\$'000
– Greater China Capital Limited (“GCCL”)	Mr. Ip Kwok Kwong	177	396

Note: Mr. Ip Kwok Kwong, who is a director of the Company, is also a controlling shareholder and director of GCCL.

(b) Key management compensation

Key management mainly represents the Company’s directors. Their remunerations have been disclosed in note 12 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) Particulars of the subsidiaries as at 31 March 2021 were as follows:

Name	Place of incorporation/ principal place of operation	Particular of paid-up capital/ registered capital	Percentage of ownership held by the Company		Principal activities
			Direct	Indirect	
Zhong Nan Investment Limited	BVI/Hong Kong	US\$1	100%	–	Investment holding
Greater China Appraisal Limited	Hong Kong	HK\$1,600,000	–	80.1%	Provision of asset appraisal services
Greater China Consultants Limited	BVI/Hong Kong	US\$1	–	100%	Provision of corporate and consultancy services
Greater China Corporate Consultancy & Services Limited	Hong Kong	HK\$2	–	100%	Provision of corporate and consultancy services
Linkson Investment Limited	Hong Kong	HK\$2	–	100%	Sub-leasing of office
漢華正立資本管理諮詢(北京)有限公司#	The PRC	RMB50,000,000	–	100%	Provision of consultancy services
Creative Market Holdings Limited	BVI/Hong Kong	US\$1	–	100%	Investment holding
Greater China Asset Services Limited	Hong Kong	HK\$1	–	100%	Provision of asset appraisal services, corporate consultancy services and property agency services
上海熱潮多媒體廣告有限公司#	The PRC	HK\$620,000	–	80%	Provision of media advertising services
常熟金視廣告傳媒有限公司*	The PRC	RMB500,000	–	80%	Provision of media advertising services
張家港金凱廣告傳媒有限公司*	The PRC	RMB500,000	–	80%	Provision of media advertising services
Alright Venture Limited	BVI/Hong Kong	US\$150	–	100%	Investment holding
Colbert Finance Limited	Hong Kong	HK\$3,000,000	–	100%	Provision of financial credit services

The above list contains the particulars of subsidiaries of the Company which principally affected the results, assets or liabilities of the Group.

Note

These subsidiaries are registered as wholly-foreign owned enterprise under the PRC law.

* These subsidiaries are domestic-owned enterprise established in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests ("NCI")

The following table shows information of the subsidiaries that has NCI material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Great China		Golden Vault Limited (note)	
	Appraisal Limited			
	2021	2020	2021	2020
% of ownership interests	19.9%	19.9%	20%	20%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 March:				
Non-current assets	2,860	3,024	389	395
Current assets	41,061	37,010	12,625	11,878
Current liabilities	(30,861)	(31,862)	(636)	(646)
Non-current liabilities	–	–	–	–
Net assets	13,060	8,172	12,378	11,627
Carrying amount of NCI	2,599	1,626	2,476	2,325
Year ended 31 March				
Revenue	26,936	26,314	2,652	3,654
Profit/(Loss) for the year	4,889	(10,910)	245	(6,245)
Profit/(Loss) allocated to NCI	973	(2,171)	49	(1,249)
Total comprehensive income/(loss) for the year	4,889	(10,910)	755	(6,241)
Total comprehensive income/loss allocated to NCI	973	(2,171)	151	(1,249)
Net cash generated from operating activities	7,532	1,804	19	53
Net cash generated from investing activities	–	128	–	–
Net cash used in financing activities	(2,310)	(2,623)	–	–
Net increase/(decrease) in cash and cash equivalents	5,222	(691)	19	53

Note:

常熟金視廣告傳媒有限公司、張家港金凱廣告傳媒有限公司 and 上海熱潮多媒體廣告有限公司 are wholly-owned subsidiaries of Golden Vault Limited as at 31 March 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

44. EVENT AFTER THE REPORTING PERIOD

- (a) After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Group. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, cash flows and operating results at the date on which these financial statements are authorised for issue.

- (b) On 10 May 2021, the Company granted a total of 29,147,000 share options to employees of the Company and its subsidiaries (collectively referred to as "Grantees"), subject to the acceptance of the Grantees, under the share option scheme adopted by the Company on 18 May 2011.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2021 HK\$'000	2020 HK\$'000
Non-current asset		
Interests in subsidiaries	–	–
Current assets		
Other receivables	142	194
Amounts due from subsidiaries	202,108	209,270
Bank balances and cash	33,378	14
	235,628	209,478
Current liabilities		
Other payables	6,744	9,420
Amounts due to subsidiaries	14,632	20,151
Promissory notes	37,060	–
	58,436	29,571
Net current assets	177,192	179,907
Non-current liabilities		
Promissory notes	21,800	57,240
NET ASSETS	155,392	122,667
Capital and reserves		
Share capital	23,319	58,296
Reserves	132,073	64,371
TOTAL EQUITY	155,392	122,667

Approved and authorised for issue by the Board of Directors on 23 June 2021.

Ip Kwok Kwong
Director

Wu Di
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

45. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movements in Company's reserves

	Share premium (Note 37(b)(i)) HK\$'000	Share options reserve (Note 37(b)(iv)) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2019	581,772	10,999	(401,111)	191,660
Loss and total comprehensive loss for the year	–	–	(140,344)	(140,344)
Recognition of share-based payments	–	13,055	–	13,055
Lapse of share options	–	(2,245)	2,245	–
	–	10,810	(138,099)	(127,289)
At 31 March 2020 and 1 April 2020	581,772	21,809	(539,210)	64,371
Issue of shares pursuant to right issues	26,233	–	–	26,233
Loss and total comprehensive loss for the year	–	–	(10,997)	(10,997)
Capital reduction (note 36)	–	–	52,466	52,466
Lapse of share options (note 38)	–	(10,089)	10,089	–
Changes in equity for the year	26,233	(10,089)	51,558	67,702
At 31 March 2021	608,005	11,720	(487,652)	132,073

46. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 23 June 2021.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below.

RESULTS

	Year ended 31 March				
	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Loss for the year attributable to owners of the Company	(4,243)	(126,468)	(64,178)	(176,700)	(124,323)

ASSETS AND LIABILITIES

	As at 31 March				
	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Total Assets	275,734	250,475	378,281	431,726	620,039
Total Liabilities	(111,009)	(126,973)	(121,984)	(106,669)	(180,267)
	164,725	123,502	256,297	325,057	439,772