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

創立於1977年 Established in 1977

Building on Our Strengths

秉持優勢 邁步向前

年報 ANNUAL REPORT 2020/21

Building on Our Strengths

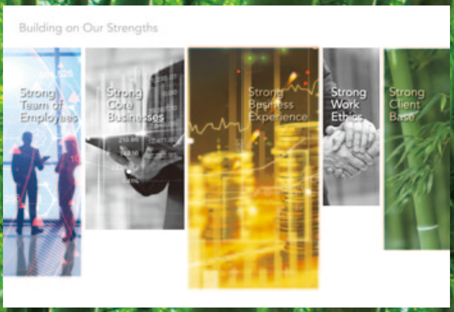
At Styland, we're '**Building on Our Strengths**'.

We're continuously **building on our greatest strengths** of our strong team of employees, strong core businesses, strong business experience, strong work ethics, strong client base, plus our other key strengths.

We're '**Building on Our Strengths**' year after year to further **strengthen and grow our businesses**. We leverage these key strengths of ours to **win more** and **achieve more** for our clients, our business partners, the Group, Company shareholders, warrant holders and other Company stakeholders.

Showcasing the Bamboo in Our Annual Report Design

We have strategically chosen the bamboo to decorate this year's annual report. Bamboos are **incredibly strong and flexible**, they have a **tall** stature, **strong root** system, and even under the windiest weather conditions, bamboos are able to **bend and sway with the wind**. Given the various strengths of the bamboo, we have applied images of bamboo throughout our annual report design to draw a **meaningful parallel between the many strengths of the Styland Group with the intrinsic strengths of the bamboo**.



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About Styland

Styland Holdings Limited (the "**Company**"), together with its subsidiaries, (the "**Styland Group**" or the "**Group**") are a Hong Kong conglomerate with core businesses in financial services, mortgage financing, property development and investment, and securities trading. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 1991.

The Group is a pioneer in providing high quality financial services and mortgage financing services and serves clients in its key markets of Hong Kong and Mainland China.

The Group aims to deliver long-term value to shareholders, warrant holders, clients and other Company stakeholders.

We at the Styland Group are strongly committed to making a positive contribution to the world by doing good deeds for society and the environment. To this end, we continually engage in our socially responsible activities, caring for the environment, caring for our community, and giving to our chosen charities.

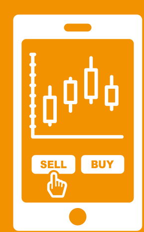
Our Brokerage Services

We provide clients an attractive array of brokerage services that encompass the trading of **securities**, **futures contracts**, and other derivative and over-the-counter products.

We provide a comprehensive platform to clients to trade shares that are listed on the Stock Exchange and most of the overseas stock exchanges. We also help clients trade shares of the stock connects.

For clients who like to invest in **initial public offering** ("**IPO**") **stocks**, we specialize in finding the right IPO stocks for clients. Our futures division offers clients useful **hedging tools** for hedging risks they may encounter in the equity market.

Our Online Trading Platform
We use advanced financial technology to provide our clients an online trading platform for trading **securities and futures contracts**.



Our Mobile Apps
Our mobile apps provide clients an easy way to place their investment orders using their mobile devices.

Our Brokerage Financing Services

We offer clients brokerage financing services with **competitive margin ratios and interest rates** for trading stocks and subscribing for IPO shares.

We provide margin financing to our online margin clients. We also provide credit facilities to our online cash clients.

Brokerage Financing for Stocks

Brokerage Financing for IPOs

Margin Financing for Online Margin Clients

Credit Facilities for Online Cash Clients

Our Corporate Finance Services

We specialize in helping corporate clients raise funds from the equity and debt markets.

Equity Fund Raising for Clients

IPOs

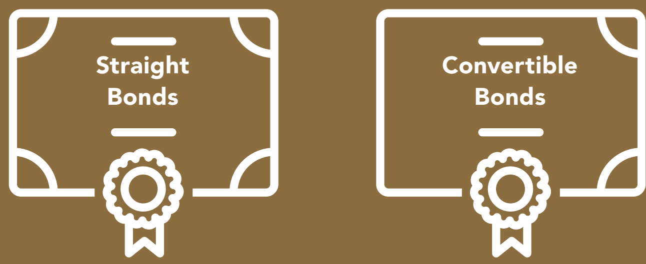
In our equity fund raising for clients, we, as a sponsor, bookrunner and lead manager, assist our IPO clients in applying for the listing of their shares on the Hong Kong Stock Exchange.

Placing or Underwriting of Shares

We have the capacity to help clients in placing or underwriting new issues of shares.

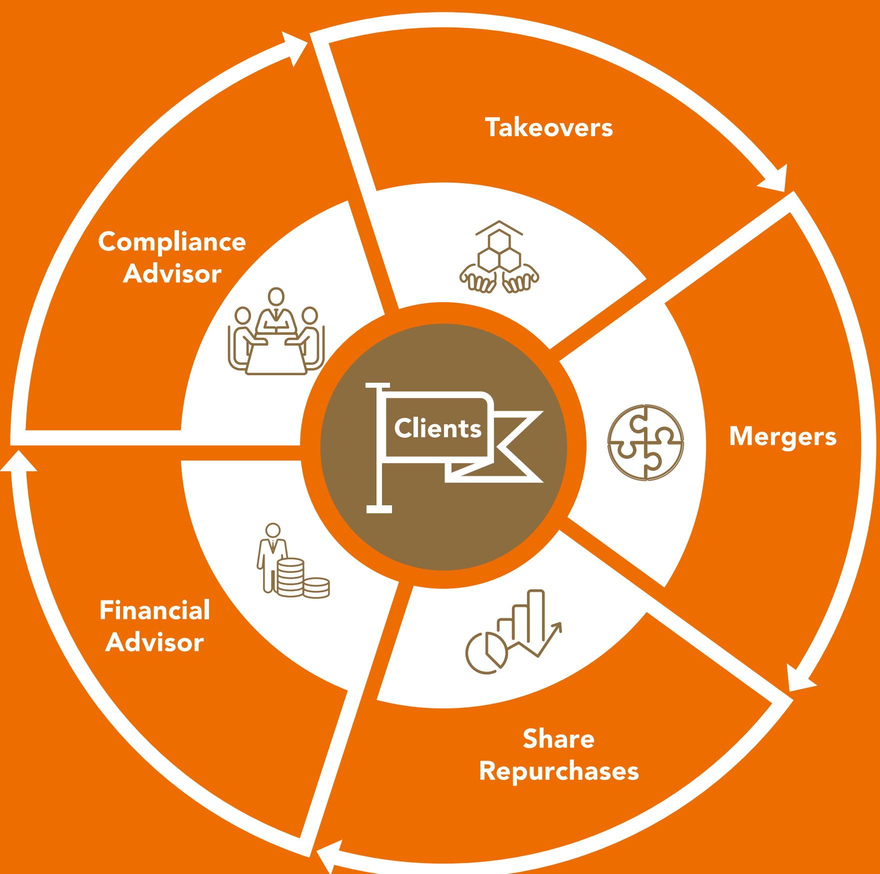
Debt Fund Raising for Clients

In our debt fund raising for clients, we may assist our corporate clients to raise funds from the debt market via the placement of debt securities such as bonds.



Other Corporate Finance Services

Other corporate finance services that we offer clients include **takeovers**, **mergers**, **share repurchases**, acting as a **compliance advisor** and **financial advisor**.



Our Asset Management Services

We offer comprehensive wealth management services to our asset management clients.

We assist our asset management clients to obtain **attractive**, **customized investments** that are suitable for them.

We find the best investment opportunities for clients.

We help clients **diversify their investments**, **minimize their investment risks** and obtain a **competitive return on their investments**.

We offer a comprehensive range of investments to our asset management clients.

Fixed Income Investments
We may offer our asset management clients a wide range of fixed income investments that mainly comprise of corporate bonds, promissory notes as well as government bonds.

Equity Investments
We may offer our asset management clients Hong Kong equities as well as foreign equities from a broad range of industries.

Funds
We may offer our asset management clients equity funds, bond funds as well as balanced funds, funds that have a combination of stocks and bonds.

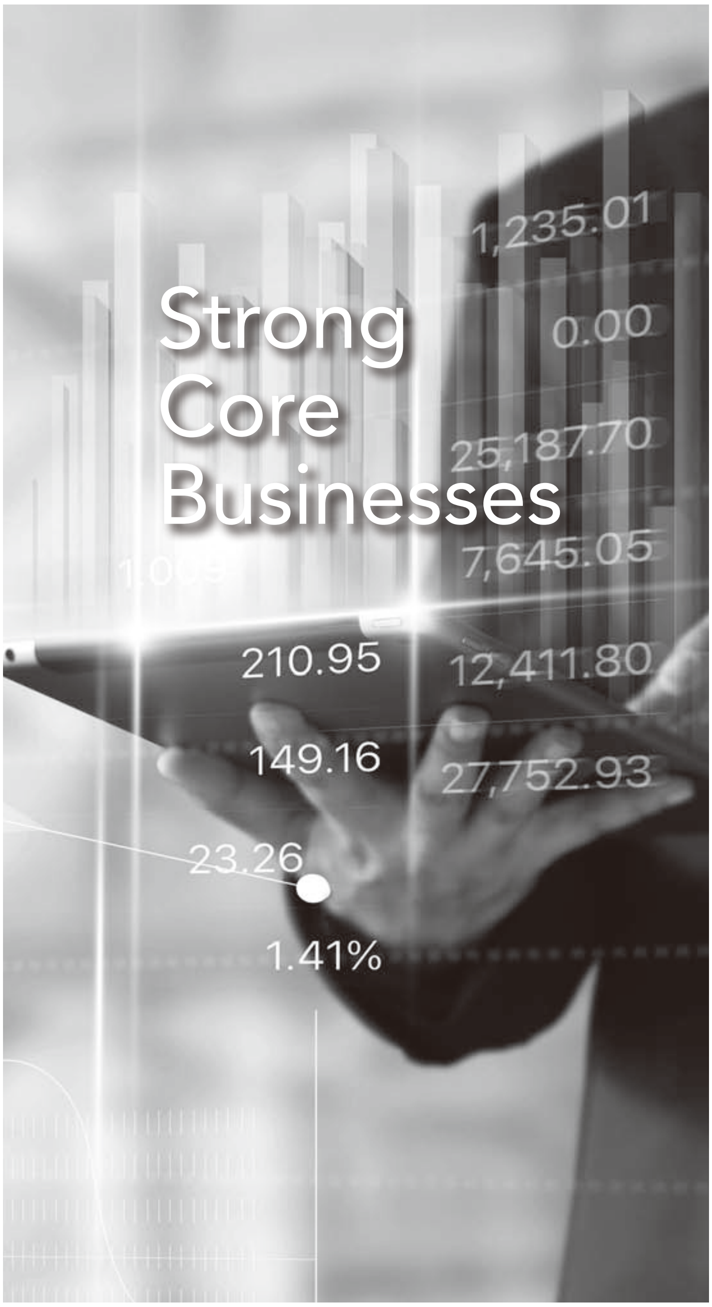
Our
Mortgage Financing
Services

We provide mortgage loans to individuals and other entities that are secured by real estate collaterals. We offer **first-mortgage loans** and **second-mortgage loans** to clients at **attractive interest rates**.

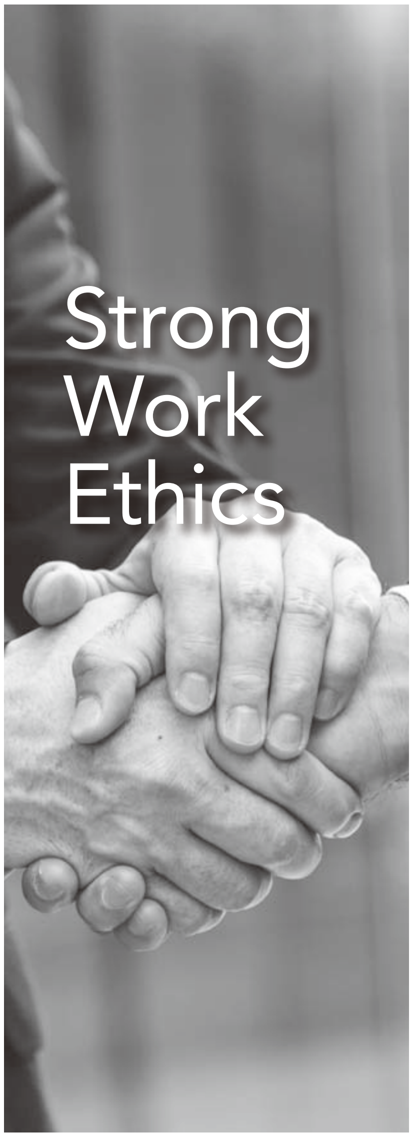
Our mortgage financing professionals provide clients useful information regarding our mortgage financing services and help clients with the **easy loan application process.**

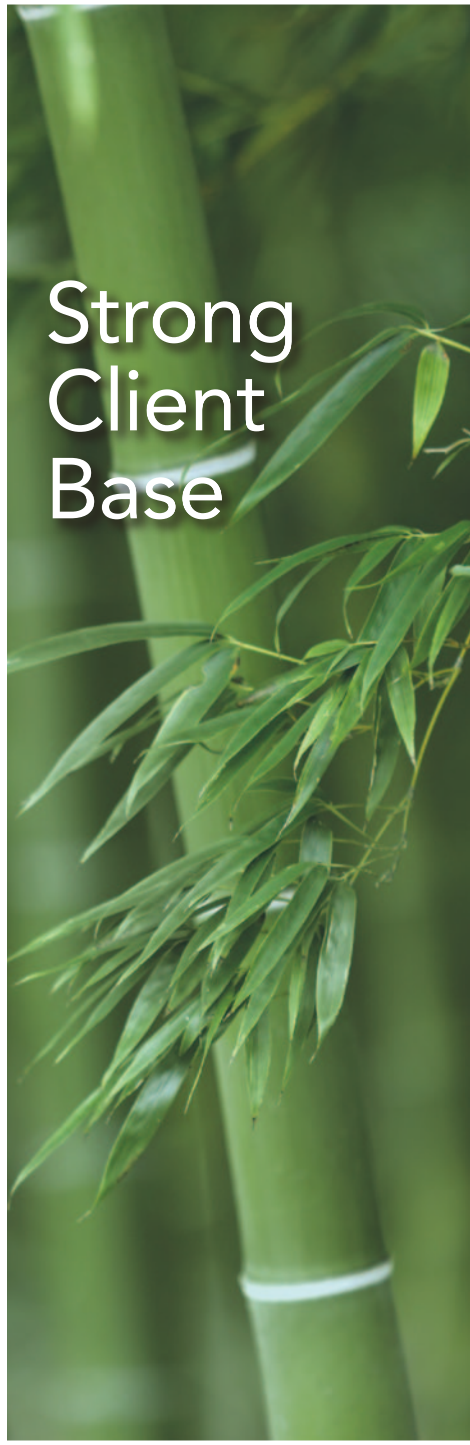

First-Mortgage Loans
Second-Mortgage Loans
Attractive Interest Rates
Easy Loan Application Process

Building on Our Strengths




Strong
Business
Experience
2535
878


Strong
Work
Ethics


Strong
Client
Base

Chairman's Statement

Moving forward, we will continue 'Building on Our Strengths' to take the Styland Group to even greater heights.

Dear Shareholders and Warrant Holders,

It is a great pleasure to present to you our annual report for the financial year ended 31 March 2021 ("**FY2021**"). FY2021 was a challenging year for the Group, nevertheless, we managed to operate all of our core businesses smoothly throughout the year. In our financial services business, we promoted our products and services in our key markets of Hong Kong and Mainland China to generate our revenue and grow our customer base.

CAPITALIZING ON THE HUGE CUSTOMER DEMAND FOR ONLINE SECURITIES TRADING

The global COVID-19 pandemic has accelerated the growth of online living. In the financial services industry, we witnessed the trend of clients going online to make their investment transactions such as buying and selling stocks in the online space.

To capitalize on this very important trend and capture new business from online users, we have expanded our use of digital platforms to promote our financial service offerings to our target clients. To capture more of the online clients, in FY2021, we promoted our financial service offerings to our target clients via our online securities trading platform. One of our key online promotions in FY2021 was our special offer to provide credit facilities to our online cash clients for the first time.

An important digital platform that we used in FY2021 was WeChat. Due to WeChat's dominance and extreme popularity in Mainland China as a multi-purpose messaging, social media and mobile payment app, during the year, our Ever-Long Group launched its own WeChat Official Account to further strengthen our Ever-Long brand in Mainland China.

With the wide usage of mobile apps amongst consumers in Hong Kong and Mainland China, in FY2021, we continued to use our mobile apps under different application models to facilitate our clients to place their investment orders.

Chairman's Statement (continued)

OFFERING MORE VALUE ADDED SERVICES TO CLIENTS

In order to thrive and stay highly relevant in today's highly competitive and digitalized financial services industry, the Group sees an opportunity to further advance itself in the artificial intelligence ("**AI**") space. More specifically, in the near future, the Group plans to offer more value added services to its clients using an AI IPO selection service. The advantage of our upcoming AI IPO selection service is that by applying state-of-the-art AI technology to determine clients' IPO stock purchase desires and needs, we can help clients select the right IPO investments for them with greater ease and at a much faster speed.

STRONG GROWTH IN THE NUMBER OF CHINA CONCEPT COMPANIES CHOOSING TO LIST ON THE STOCK EXCHANGE

In 2020, there was continued interest by China concept companies that are based in Mainland China to list their shares on the Stock Exchange. According to a budget speech of the HKSAR Government, a total of $397.5 billion were raised through IPOs in the year 2020 in Hong Kong, representing an increase of 27 percent over the year before, and among which, over 90 percent of the funds were raised by Mainland enterprises.

With the U.S. tightening its scrutiny over Chinese mainland companies trading on its stock exchanges, we believe that this could bring more China concept companies that carried out their primary listing in the U.S. to pursue their secondary listing in Hong Kong. In 2020, the Stock Exchange kept its place as one of the top stock exchanges in the world for IPO listings. In fact, according to the official website of the Stock Exchange, the Hong Kong IPO market has ranked #1 in the world in seven of the last twelve years.

Given the attractive listing environment in Hong Kong, the Group believes that in the future, there will continue to be a steady influx of China concept companies coming to Hong Kong for their listing. This is good news for our corporate finance division as its main business is to assist companies, including China concept companies, list their shares on the Stock Exchange.

ACQUISITION OF INSURANCE BROKER COMPANY IN FY2021

In FY2021, the Group entered the insurance brokerage business through its acquisition of an insurance broker company. This strategic new move allowed us to broaden our financial product offerings to customers to include an attractive and wide range of insurance products encompassing life insurance, car insurance, home insurance and other types of insurance. Now that we can promote these new insurance products to our clients, we can now compete in the lucrative insurance business. The Group believes that this new insurance brokerage business is advantageous to the Group as it will bring steady, long-term recurring income to the Group in the upcoming years.

CONTINUED TO ENFORCE OUR COVID-19 PREVENTIVE MEASURES

As a responsible corporate citizen, we see it as our social responsibility to uphold the highest standard of COVID-19 preventive measures in our workplace. During FY2021, we asked both staff and visitors to wear face masks during their stay at our offices. With regard to other preventive measures such as temperature checks, as soon as our employees walk into our offices in the morning, they are required to have their temperature measured by the temperature scanner that is stationed at the entrance area of our offices. Ever since the beginning of COVID-19 in Hong Kong, it has been our everyday habit to check the temperature of people that come into our offices to make sure they have a normal body temperature.

In FY2021, as part of our ongoing COVID-19 preventive measures, we continued to offer our Work-From-Home arrangement to our staff for some of their workdays. We have also encouraged our staff to minimize their social gatherings, and suggested that they conduct more virtual meetings via the use of telephone and video conferencing. Moreover, on the vaccination front, the Hong Kong Special Administrative Region (the "**HKSAR**") Government has encouraged Hong Kong residents to participate in its COVID-19 Vaccination Programme. We always put the health and safety of our employees as a priority. For our employees who received the COVID-19 vaccine, we provide those employees who received a shot of the vaccine a one-day leave with pay. For those employees who received both shots of the vaccine, we provide them an additional one-day leave for a total of 2 days of leave with pay.

BUILDING ON OUR STRENGTHS / THANK YOU

On behalf of the board of directors (the "**Board**") of the Company, I would like to express our sincere thanks to you, our valued shareholders and warrant holders, for your continued support and trust in us.

Moving forward, we will continue '**Building on Our Strengths**' to take the Styland Group to even greater heights.

To stay ahead of the game and to continue to win in our core businesses, we will leverage our multifaceted strengths — our strong workforce, strong work ethics, strong core businesses, strong client base, strong business experience plus our other key strengths to achieve much more for the Group and Company stakeholders in our path ahead.

Li Hancheng
Non-executive Chairman

Hong Kong, 24 June 2021

Management Discussion and Analysis

The Group aims to deliver long-term value to shareholders, warrant holders, clients and other Company stakeholders.

BUSINESS REVIEW AND PROSPECTS

FY2021 Results

In FY2021, the Group achieved a turnover of approximately HK$213,256,000 (FY2020: approximately HK$207,293,000), and recorded a loss of approximately HK$38,895,000 for FY2021 (FY2020: a loss of approximately HK$64,037,000).

Review of Operations

Financial Services

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

- **Brokerage**

  With global stock markets influenced by the new macroeconomic factors including the 2020 US Presidential Election that took place in November 2020, the Hong Kong stock market experienced some fluctuations during FY2021. On the other hand, the listing of China concept shares on the Stock Exchange has injected impetus into both the primary and secondary stock markets of Hong Kong. During the year, the Hang Seng Index surged from a low of 22,520 in May 2020 to a high of 31,183 in February 2021 and closed at 28,378 at 31 March 2021.

  In FY2021, the Group's brokerage business continued to be an important core business for contributing to the Group's income for the year. Our brokerage business operated smoothly throughout FY2021 as we successfully tackled the ongoing operational challenges due to COVID-19. The COVID-19 pandemic has accelerated the use of financial technology. To facilitate the use of online transaction channels by our clients, we have enhanced the usage of our financial technology trading system. In addition to our online trading platform, we have continued to utilize our mobile apps under different application models to enable our clients to place their transactions online via their mobile devices. Thanks to these value-added services, we have attracted new clients during FY2021.

Management Discussion and Analysis (continued)

As the stock markets have become more volatile due to the more complicated political and economic situation, investors have become more cautious and would like to seek hedging tools for their investments or to diversify their investments. To accommodate to our clients' needs, our futures brokerage service provided our clients a useful tool for hedging their risks in the equity market. Moreover, we offered our clients brokerage services for investing in shares that are listed in Australia, Canada, Euronext, Germany, Switzerland, the United Kingdom, the United States and most of the other Asian markets.

As a result of the continuous enhancement of our value-added services including futures brokerage services, we have assisted our clients to reduce their exposure to market risks and to have good opportunities to make a competitive return-on-investment under such volatile market conditions. Our securities dealing turnover was approximately HK$5.3 billion for FY2021.

- **Brokerage Financing**

  During FY2021, the return of China concept stocks for listing in Hong Kong has aroused investors' interest in IPO subscriptions. Also, investors were keen on making investments in the new economy sectors. To facilitate our clients' investments, in FY2021, we continued to offer our clients margin financing with highly competitive margin ratios and interest rates for trading listed securities and subscribing for new shares in IPOs. To further expand our client footprint in our brokerage financing business, during the year, in addition to the margin facilities we offered to our online margin clients, we also extended our offer of credit facilities to our online cash clients. In FY2021, we continued to maintain a healthy loan portfolio as the Group has implemented effective credit control procedures and has complied with the tightened margin-financing rules required by the SFC.

  As at 31 March 2021, the net balance of brokerage loans stood at approximately HK$43,639,000. The interest income arising from brokerage loans including IPO loans was approximately HK$5,620,000. The bad debt provision for our brokerage financing business was kept at an immaterial level.

- **Corporate Finance**

  Driven by the listings of new economy companies, the Hong Kong IPO market still outperformed its peers in year 2020. It is expected that there will be more China concept companies that pursue their secondary listings in Hong Kong, and that the Hong Kong IPO market continues to perform strongly in 2021. With our extensive knowledge and experience in assisting our corporate clients apply for the listing of their shares on the Stock Exchange, our corporate finance business would continue to benefit from such positive sentiment. During FY2021, we were engaged by a number of IPO clients in applying for the listing of their shares, and we acted as a financial advisor or compliance advisor for some of our listed clients in advising on their corporate finance transactions or their compliance with the rules.

  Our equity capital team has built up close business relationships with the large and medium-sized broker firms and financial companies. Our finance professionals have formulated various financing plans which would match with our clients' development strategy. During FY2021, our equity capital team has acted as an underwriter, sub-underwriter or placing agent to assist our clients in raising funds from the capital market.

- **Asset Management**

  Hong Kong is an international financial center that has the strength and resources to manage investments for investors. It serves as the gateway for overseas investors to invest in Mainland China, and at the same time, it also serves as the gateway for Chinese mainland investors to invest overseas. In order to attract more funds to operate in Hong Kong, the HKSAR Government has offered a tax concession for private equity funds operating in Hong Kong subject to the fulfillment of certain conditions. The Group, as an asset management service provider, would benefit from such a policy. During FY2021, in addition to the discretionary management service we have provided to the individual investor, we have also acted as a fund manager for a fund.

  With the increasing population of high net worth investors in Mainland China, in particular, the Greater Bay Area, the demand for asset management services is expected to keep rising. Additionally, the low interest rate environment has stimulated growing interest in asset management services as investors strived to improve their investment returns. Our professionals in the asset management division will, based on each client's own unique investment needs and goals, provide our clients attractive, tailor-made investment solutions, which would allow clients to diversify their investments, minimize their investment risks, and obtain a competitive return on their investments.

  With the cross-border Wealth Management Connect scheme on the horizon, although a launch date has yet to be announced, this brand new scheme, which allows residents of Hong Kong, Macau and nine Guangdong cities to buy wealth management products in each other's markets, is good news to our asset management business.

Mortgage Financing

The Group's mortgage financing arm Ever-Long Finance Limited is a reputable money lending service provider. During FY2021, the spread of COVID-19 continued to impact the HKSAR's economy as well as our mortgage financing business. As a result of our adoption of the predefined measures and procedures to control market risks, we have successfully overcome the economic downturn and maintained a healthy loan portfolio. Following the HKSAR Government's launch of the COVID-19 Vaccination Programme in February 2021, we believe that commercial activities will gradually return to normal for most Hong Kong businesses, and the labour market would be improved. This would be a positive sign for our mortgage financing business.

Management Discussion and Analysis (continued)

As at 31 March 2021, the consolidated loan portfolio under the mortgage financing segment of the Group was approximately HK$135,159,000. The interest income for this segment was HK$21,566,000 for FY2021. We have consistently maintained the loan-to-value ratios of our new loan drawdowns at a conservative level, and have continued to keep a close eye on the repayment status of clients. Thanks to such prudent and cautious measures, the Group's bad debt provision for FY2021 remained at an immaterial percentage to its loan portfolio.

Property Development and Investment

With respect to the Group's development project at Fei Ngo Shan Road, Hong Kong with a gross site area of more than 16,000 square feet, the superstructure has been completed and the occupation permit has been obtained. The interior decoration and other works for this property were still in progress during FY2021. In addition, the Group holds a residential property in Sai Kung, Hong Kong. As at 31 March 2021, the combined carrying value of the Group's investment properties was approximately HK$360,673,000.

Securities Trading

As at 31 March 2021, the Group held a portfolio of listed securities investments consisting of 32 securities, which were engaged in the sectors of (i) properties and construction; (ii) information technology; (iii) healthcare; (iv) consumer discretionary; (v) financials; and (vi) others. For FY2021, the net realized gain was approximately HK$2,950,000 and the net unrealized loss was approximately HK$2,517,000.

Prospects

The Hong Kong economy saw a recovery in the first quarter of 2021, with real gross domestic product growing appreciably by 7.9% year-on-year. Looking ahead, for the remainder of the year 2021, we expect the Hong Kong economy to continue with its recovery from the local COVID-19 epidemic.

Furthermore, the growing take up of COVID-19 vaccines by Hong Kong residents is going to help stimulate Hong Kong's economy, and China's "14th Five-Year Plan" is also expected to bring Hong Kong great development opportunities and long-term prosperity given Hong Kong's important role in the Greater Bay Area.

The continuous positive economic growth in Mainland China is expected to attract investment fund flow into the mainland's stock markets, and some of this investment fund flow will likely be channeled to the stock connects, and thus, benefit the Hong Kong stock market. It was proposed in the 2020 Policy Address of the HKSAR that the stock connects between Mainland China and Hong Kong will be further deepened. It is good news for financial services providers like us as the Group's wholly owned subsidiary Ever-Long Securities Company Limited is an eligible stock connects service provider and is expected to benefit from such expansion.

To capitalize on the fast-growing consumer demand for wealth management services arising from the increasing number of middle class families in Mainland China that would like to preserve the value of their assets for their next generation, we have continued to enhance our asset management service. The fund we have launched would enable our clients to invest in projects of the Greater Bay Area and Greater China. Moreover, our asset management business would be a beneficiary of the proposed implementation of the cross-border Wealth Management Connect scheme.

In FY2021, we launched a brand new service to our clients – an insurance brokerage service. This was made possible by the Group's acquisition of an insurance broker company during the year. We expect that this insurance broker company would provide a synergistic effect to our asset management business as the technical representatives of this insurance broker company may assist in promoting our fund products.

With interest rates remaining at a low level for a period of time, this would support the valuations of the Group's investment properties. Despite the COVID-19 outbreak, we observed that the property market has remained relatively stable and there is still substantial customer demand for the mortgage financing services that are provided by financial companies like ours. However, in view of the growing concerns about the existing local property market conditions, we will continue to manage our credit policy with a prudent and conservative approach so as to maintain reasonable loan-to-value ratios to manage our market risks. We will also fine tune our business strategy from time to time to adapt to market changes.

FINANCIAL REVIEW ON LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2021, the Group's net asset value was approximately HK$470,321,000 (FY2020: approximately HK$499,234,000) and cash at bank and in hand totaled approximately HK$114,614,000 (FY2020: approximately HK$53,308,000) of which approximately 88% was held in Hong Kong dollar, approximately 5% in US dollar, approximately 4% in New Taiwan dollar, and approximately 3% in Renminbi.

As at 31 March 2021, the Group's borrowings including loans, convertible bonds, promissory note payables and lease liabilities amounted to approximately HK$256,258,000 (FY2020: approximately HK$183,045,000 inclusive of loans, promissory note payables, a bond payable and lease liabilities) of which approximately HK$100,933,000 (FY2020: HK$42,438,000) was repayable within one year. The gearing ratio, being the ratio of total borrowings to the shareholders' fund, was about 0.54 (FY2020: 0.37).

Investments in Financial Assets

As at 31 March 2021, the Group held a portfolio of listed securities with fair value of approximately HK$23,405,000 (FY2020: approximately HK$32,596,000). The Group will continue to adopt a prudent approach for its investments in financial assets.

Management Discussion and Analysis (continued)

Charges on Group Assets

As at 31 March 2021, the Group's investment properties of approximately HK$360,673,000 (FY2020: approximately HK$353,000,000) were pledged to banks to secure the banking facilities that were granted to the Group.

Credit Risk

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

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

Operational Risk

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

Type of license	Regulated activity	Number of responsible officers
Type 1	Dealing in securities	7
Type 2	Dealing in futures contracts	2
Type 4	Advising on securities	3
Type 6	Advising on corporate finance	6
Type 9	Asset management	4

In order to safeguard clients' interests and comply with the requirements of the SFO, our monitoring teams have carried out ongoing checks and verifications so that we are able to maintain our service standard at a satisfactory level. During FY2021, the financial services operation of the Group had complied with the SFO. Clients were satisfied with our services. During FY2021, we have properly managed a total securities trading turnover of approximately HK$5.3 billion under the securities brokerage business.

To maintain the professionalism of the Board, three of the Board members are certified public accountants who monitor or advise the Group on internal control matters. Under the mortgage financing business, we had net consolidated mortgage loans of approximately HK$135,159,000 as at 31 March 2021, and the operation had complied with the Money Lenders Ordinance and the applicable guidelines.

Interest Rate Risk

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

Liquidity Risk

The Group's policy is to regularly assess current and expected liquidity requirements of the Group and to ensure that it maintains reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements. As at 31 March 2021, the amount of undrawn banking facilities of the Group was approximately HK$10,863,000.

Price Risk

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

Management Discussion and Analysis (continued)

Foreign Exchange Exposure

During FY2021, the Group's business activities as well as its assets and liabilities were mainly denominated in Hong Kong dollar, US dollar, New Taiwan dollar and Renminbi. In light of (i) the exchange rate peg between the Hong Kong dollar and US dollar; and (ii) the portions of the Group's assets or liabilities that were denominated in Renminbi and New Taiwan dollar were immaterial when compared to the Group's total assets or liabilities, the Group considers its foreign exchange risk immaterial for FY2021. It is the Group's treasury policy to manage its foreign currency exposure to minimize any material financial impact to the Group.

STAFF

As at 31 March 2021, the Group had 86 staff members. Remuneration packages are generally structured with reference to prevailing market practice and individual merits. Salaries are reviewed periodically based on the employee performance appraisal or other relevant factors. The Group also maintains certain staff benefit plans including medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

The emoluments of the directors of the Company (the "**Directors**") are determined by the Remuneration Committee as delegated by the Board with reference to market rates and respective Directors' experience, duties and responsibilities in the Group. None of the Directors are involved in deciding their own remuneration. The Group maintains its Continued Learning Sponsorship Scheme to sponsor the continuous professional development of the members of the Group including the Directors.

MATERIAL ACQUISITION AND DISPOSAL

On 30 November 2020, the Group acquired an insurance broker company, Choice Insurance Broker Limited ("**Choice Insurance**"), at a consideration of approximately HK$1,813,000. Having acquired Choice Insurance, we are now able to offer our clients a comprehensive range of insurance products of the major insurance companies in Hong Kong. Other than the acquisition of Choice Insurance, the Group did not make any other material acquisitions or disposals in FY2021.

CONTINGENT LIABILITIES

As at 31 March 2021, the Group did not have any material contingent liabilities (FY2020: immaterial).

Environmental, Social and Governance Report

I. ABOUT THIS REPORT

The Board is pleased to present this Environmental, Social and Governance (hereinafter called "**ESG**") Report (the "**ESG Report**" or "**Report**") of the Group. This ESG Report outlines the policies, sustainability strategies, management approaches and initiatives implemented by the Group and the performance of the Group in the environmental and social aspects of its businesses.

This ESG Report covers the environmental and sustainable development strategies and policies of all of the Group's businesses namely, financial services, mortgage financing, property development and investment, securities trading, and insurance brokerage for FY2021. The Report discloses the required information under the "comply or explain" provisions of the ESG Reporting Guide set out in Appendix 27 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange.

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

** We have donated funds to ORBIS for 11 years.*

II. STAKEHOLDERS' ENGAGEMENT

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

Stakeholders	Expectations and Concerns	Means of Communication	Management Response
Government/ Regulatory Organizations	➢ Compliance with laws and regulations ➢ Fulfill tax obligations ➢ Steady business operations ➢ Anti-corruption ➢ Anti-money laundering and anti-terrorist financing ➢ Joint efforts in combating the coronavirus disease ("**COVID-19**")	➢ Periodic reports and interim announcements ➢ Correspondences ➢ Policy documents and guidelines ➢ Official website of the Group	➢ Uphold integrity and compliance in operations ➢ Pay tax (if any) on time ➢ Establish comprehensive and effective internal control systems and implement various anti-corruption, anti-money laundering and anti-terrorist financing measures ➢ Follow the government's COVID-19 preventive measures and guidelines to prevent the spread of COVID-19

Stakeholders	Expectations and Concerns	Means of Communication	Management Response
Shareholders/ Investors	➢ Return on investment ➢ Information transparency ➢ Corporate governance system	➢ General meetings of shareholders ➢ Information disclosed on the website of the Stock Exchange ➢ Official website of the Group ➢ Shareholders/ Investors enquiry hotline, email and fax	➢ Management team possesses relevant experience and professional knowledge in business sustainability ➢ Maintain the highest standard of openness, probity and accountability ➢ Ensure transparent and efficient communications by dispatching information on the websites of the Stock Exchange and the Group ➢ Continue to focus on and improve the risk management and internal control system

Stakeholders	Expectations and Concerns	Means of Communication	Management Response
Employees	➢ Labor rights ➢ Career development ➢ Compensation and welfare ➢ Health and workplace safety ➢ Joint efforts in combating COVID-19	➢ Employee activity ➢ Performance appraisal ➢ Induction and on-the-job training ➢ Internal meetings and announcements ➢ Contact via email, phone and communication applications	➢ Set up contractual obligations to protect labor rights ➢ Encourage employees to participate in continuing education and professional training to enhance competency ➢ Establish a fair, reasonable and competitive remuneration scheme ➢ Pay attention to occupational health and safety ➢ Provide COVID-19 prevention materials to employees and adopt "work from home" policy

Stakeholders	Expectations and Concerns	Means of Communication	Management Response
Customers	➢ High quality and efficient services ➢ Ensure information and fund security ➢ Expand service channels ➢ Timely solutions to customers for helping them solve their problems	➢ Customer hotline ➢ Official website of the Group ➢ Mobile applications and other digital platforms ➢ Service complaint and response mechanism	➢ Improve the quality of services continuously in order to maintain customer satisfaction ➢ Ensure proper contractual obligations are in place ➢ Popularize financial knowledge ➢ Set up high-level preventive controls on data leakage and hacking activities ➢ Protect consumer rights and interests
Suppliers/ Contractors	➢ Stable demand ➢ Good relationship with the Group ➢ Corporate reputation ➢ Fair and transparent procurement process	➢ Official website of the Group ➢ Negotiation ➢ Contracts ➢ Tendering and bidding	➢ Ensure proper contractual obligations are in place ➢ Establish policies and procedures in supply chain management ➢ Establish and maintain strong and long-term relationship with suppliers ➢ Select suppliers with due care and ensure the procurement

Stakeholders	Expectations and Concerns	Means of Communication	Management Response
Community	➢ Environmental protection ➢ Reduce greenhouse gas emissions ➢ Effective use of resources ➢ Community contributions ➢ Economic development and employment ➢ Joint efforts in combating COVID-19	➢ Official website of the Group ➢ Donations	➢ Pay attention to the issue of climate change ➢ Low-carbon and environmentally-friendly operations ➢ Encourage employees to actively participate in charitable and environmental protection activities ➢ Strengthen energy saving and emission reduction management ➢ Maintain good and stable financial performance and business growth ➢ Follow the government's COVID-19 preventive measures and guidelines to prevent the spread of COVID-19

III. MATERIALITY MATRIX

During FY2021, the Group has evaluated a number of environmental, social and operational related issues, and assessed their importance to stakeholders and the Group through various channels. This assessment helps to ensure that the Group's business objectives and development directions are in line with the expectations and requirements of its stakeholders. The matters of concern of the Group and its stakeholders are presented in the following materiality matrix:

Materiality Matrix

Importance to Stakeholders		Importance to the Group: Low	Importance to the Group: Medium	Importance to the Group: High
	High	◆ Anti-discrimination measures ◆ Labor rights protection	◆ Talent management ◆ Staff training and promotion opportunity ◆ Staff compensation and welfare	➢ Customer satisfaction ➢ Service quality ➢ Anti-corruption ➢ Anti-money laundering ➢ Anti-terrorist financing ➢ Information security ➢ COVID-19 prevention
	Medium	➢ Community contributions	✧ Greenhouse gas and air emissions ✧ Energy conservation ◆ Occupational health and safety	➢ Operational compliance ➢ Customers' privacy measures and protection ➢ Suppliers management
	Low	◆ Preventive measures against child and forced labor ✧ Sewage discharge ✧ Generation of non-hazardous wastes	✧ Use of water resources	
		Low	Medium	High
		Importance to the Group		
		✧ Environmental	◆ Employee	➢ Operation

IV. ENVIRONMENTAL PROTECTION

The Group always pays great attention to energy conservation, emission reduction and environmental protection. We adhere to the management philosophy of sustainable development to achieve green operation and balanced development. In response to the global environmental protection trends, we have implemented energy conservation and environmental protection measures to mitigate the environmental risks and negative impacts from the Group's business activities. We are continually promoting the awareness of environmental conservation in the workplace and to our employees and encourage our employees to reduce waste and save energy. To maintain a balance between efficient operation and environmental protection, we have established a set of comprehensive environmental protection policies to cover air and greenhouse gas emission reduction, energy efficiency, water conservation, and hazardous and non-hazardous waste management. Our employees have also provided their suggestions to the Group on ways to protect the environment. We have formulated corresponding indicators and various measures to manage natural resources and minimize our impact on the environment.

1. Management of Emissions

The Group engages in the financial services, mortgage financing, property development and investment, securities trading and insurance brokerage businesses. These businesses do not involve any production activities, and hence, no packaging materials are used and no hazardous wastes and air pollutants are produced in their ordinary course of business. The environmental impact from the Group mainly comes from its use of natural resources, generation of office and domestic wastes, and discharge of domestic wastewater. Energy conservation and emission reduction are top priorities for the Group. We strongly focus on reducing our energy consumption, improving our energy efficiency and minimizing our impact on the environment by undertaking various energy-saving measures (Please refer to the section "Conservation of Energy" below for details). Our waste management initiatives are centered on the collection of wastepaper for recycling (Please refer to the section "Conservation of Paper" below for details). Illegal disposal of regulated electrical equipment is prohibited. We use environmentally-friendly office supplies and place potted plants in our workspaces in aim of reducing our offices' carbon footprint and to create a greener working environment for our staff. We do not allow chemicals that are harmful to the environment and wastewater that contains hazardous substances to be discharged into water pipelines.

The Group's property development business includes a redevelopment project at Fei Ngo Shan Road, the occupation permit of which was obtained in April 2019. The decoration of this property was outsourced to contractors. During FY2021, the Group and the contractors have complied with the requirements under the environmental protection legislation. Due to the remote location of the site, the impact from noise to the surrounding environment was not significant. The solid wastes from this project were handled according to the Waste Disposal Ordinance to minimize our impact on the environment. The recyclable wastes were handled by the recycler, and non-recyclable inert and non-inert wastes were sent to public filling facilities and landfills respectively. The Group adheres to the relevant government laws and regulations regarding wastewater treatment and discharge. The contractor has obtained a license under the Water Pollution Control Ordinance for discharging our wastewater to the appropriate drainage and sewage. All of our wastewater has been treated according to the government's standards prior to discharge.

2. Management of Resources Utilization

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

(1) Conservation of Energy

The electricity of the Group is mainly used in office illumination and other electrical appliances. The Group has set up a series of measures that involve raising the electricity efficiency of its electrical appliances to save energy and encourages its employees to adopt energy-saving habits for using the electrical appliances at our offices. For example, employees are encouraged to switch off office equipment and electrical appliances when they are not in use; air conditioners and lights are switched off when the conference rooms are not in use and after work; selecting office equipment and electrical appliances with energy efficiency labels or high energy efficiency; open blinds to take advantage of natural light; further minimizing the energy

consumption of equipment under "Standby" mode by switching off computers and electrical appliances; setting the temperature of air conditioning at 25.5 degrees Celsius. To implement the "Green Office" concept, the Group has adopted the recommendations provided by CLP and has posted the CLP guidelines at our offices to educate and encourage our employees to use different ways to save energy in the workplace. During FY2021, the Group's electricity consumption was approximately 107.54 Megawatt hours ("**MWh**"), representing a decrease of approximately 9.39 MWh or 8.03% compared to that in the previous year.

Gasoline is mainly used in the Group's vehicles for business purpose. The Group repairs and maintains its vehicles regularly to improve their energy efficiency, reduce the extra fuel consumption and minimize exhaust air emissions resulting from the wear-and-tear vehicle parts. Our drivers plan the shortest route and fastest way to reach the destination in advance, before they start the vehicle's engine to drive off to their destination. This is our strategy to avoid the idling of the engine before the vehicle is put to use, and this is also to reduce fuel wastage and exhaust air emissions. Our drivers are mindful of switching off the engine while the vehicle is stationary to comply with the Motor Vehicle Idling (Fixed Penalty) Ordinance in Hong Kong to achieve fuel saving and minimize idling emissions. During FY2021, the Group's gasoline consumption was approximately 3.65 tonnes, representing a decrease of approximately 2.25 tonnes or 38.14% compared to that in the previous year. The drop in gasoline consumption is mainly due to the decrease in the usage of the Group's vehicles as a result of COVID-19.

(2) Conservation of Water

Water consumption of the Group was mainly comprised of bottled drinking water and water from the washrooms of our offices that were strictly used for sanitary purposes. The bottled drinking water was purchased from vendors. The water from the washrooms that was used for sanitation was supplied and managed by the property management companies. Although the Group did not face any water shortage problems during FY2021, it recognizes the scarcity of water resources the environment could offer and always encourages employees to cherish water usage in their daily lives and to avoid any kind of wastage. For example, our employees were encouraged to finish drinking the water in their mugs, not to use potable water for any other purposes, to turn off the water tap after use, etc.

(3) Conservation of Paper

The Group actively promotes the "Green Office" policy and encourages its employees to save paper. We have also educated our employees on how to avoid wasting paper through various paper-saving measures, and have reduced our reliance on paper-based documents. We distribute files in electronic format as much as possible in order to minimize photocopying and printing on paper. Furthermore, we fully utilize both sides of paper and conserve and reuse our other paper supplies. For example, our employees are encouraged to reuse envelopes, paper files and paper bags. With respect to our paper recycling efforts, we collect and pass the used and recyclable papers to the recyclers for handling. We place paper saving tips next to the printers and computers to provide suggestions to employees on the various ways they can save paper at the office. Our printers have been set to default to the duplex print mode to remind our employees about saving paper and to make the best use of paper. During FY2021, the Group consumed approximately 3.45 tonnes of paper, representing an increase of approximately 0.43 tonnes or 14.24% compared to that in the previous year.

(4) Others

Other strategies that we implemented to reduce the Group's carbon emissions include our increased usage of ceramic mugs in our offices for serving customers, our encouragement to employees to use reusable water bottles and cups and minimize their purchase and usage of the single-time use disposable cups and utensils. Other measures we adopted to minimize our carbon emissions encompass the travel policy that focuses on minimizing our carbon footprint. Through our travel policy, we have encouraged employees to reduce traveling for meetings and instead, use video conferencing or teleconferencing. In addition to recycling paper, we also recycle metals, glass and plastics. With respect to disposing our old or unwanted electrical equipment, we disposed these kinds of items in accordance with "The Producer Responsibility Scheme on Waste Electrical and Electronic Equipment".

3. The Environment and Natural Resources

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

The Group will continue to increase its investment in environmental protection, revisit and identify the sources of wastes produced in our day-to-day operations, and manage and monitor the Group's use of natural resources and other resources. We will continue to establish and implement effective measures including the promotion of energy conservation and emission reduction, extensive use of energy-saving products, and the best use of office resources to minimize our carbon footprint. We continue to promote employee awareness of environmental protection and resource conservation, and encourage our employees to fulfill their social responsibilities and obligations in the process of business development.

The Group believes that a robust response to climate change requires the concerted efforts of all stakeholders. As such, the Group will continue to identify and address stakeholders' expectations to optimize its environmental measures in order to achieve sustainable developments and create long-term value for its stakeholders and for society as a whole.

4. Compliance

During FY2021, there were no confirmed non-compliance incidents in relation to environmental protection that have a significant impact on the Group.

V. EMPLOYMENT AND LABOR PRACTICES

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

1. Talent Selection

The Group always aims to recruit talented people and develops their potential to the fullest so that our employees can grow with the organization. We are also an equal opportunity employer and respect personal privacy, and have established and implemented a fair treatment policy. Our job candidates are selected based on their morality, knowledge, jobs skills and abilities, and regardless of their ethnic group, religious affiliation, gender, age or marital status. This policy applies to all phases of the employment relationship including but not limited to hiring, promotion, performance appraisal, training, personal development and termination. On the basis of equality, we hope to identify talents who are committed and dedicated to work, willing to take responsibility, willing to keep learning, willing to continuously improve their abilities and willing to move forward with the Group.

2. Labor Standards

The Group complies with the requirements under the Hong Kong Employment Ordinance. We respect human rights and prohibit any unethical hiring practices including child and forced labor. The human resources department reviews the identity documents of the applicants during its hiring process to prevent child labor. Furthermore, we have implemented various measures to prevent any forms of forced labor. For example, detention of employee's identity card or other identification documents is strictly prohibited, labor contract is signed by the employee on a fair and voluntary basis, any form of physical abuse, assault, body search or insult, or forcing an employee to work by means of violence, threat or unlawful restriction of personal freedom are all forbidden. Our employees may be asked to work on Sunday or a statutory holiday due to special events, and their consent must be obtained in advance to avoid forced overtime work. Our employees are compensated in accordance with the applicable labor laws and regulations. During FY2021, the Group did not violate the laws and regulations related to child and forced labor.

3. Compensation and Welfare

The Group attracts and retains outstanding talents with competitive remuneration packages to employees. We examine the salary levels of employees regularly to ensure they are up to the market standard. The Group benchmarks up-to-date remuneration data in its industry and strives to maintain a fair, reasonable and competitive remuneration scheme. Staff remuneration is structured based on the staff's knowledge, skills, work experiences and educational background with reference to our job requirements. Basic remuneration and benefits of employees include basic salary, paid vacation days, insurance, etc. With respect to our medical insurance benefits for employees, depending on the nature of their medical claim, we provide our employees either a partial reimbursement or full reimbursement of their medical expenses arising from illnesses, accidents or emergencies.

Performance appraisals are conducted periodically for employees to provide them constructive feedback regarding their job performance. The Group uses the data collected from its employee performance appraisals strictly for its own human resource purposes such as for fairly assessing and determining the level of discretionary bonuses, subsidies, commissions, year-end bonuses, salary increments and/or promotion recommendations that are rewarded to employees. These rewards are based on a number of criteria including working experience, seniority, knowledge and skills, performance, contribution, etc. The Group also operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the Group's businesses and the success of the Group's operations.

The Group complies with the Hong Kong Employment Ordinance and pays contributions to the Mandatory Provident Fund schemes for all employees as retirement protection benefit. Furthermore, we handle dismissal and compensation in accordance with the Hong Kong Employment Ordinance.

The Group pays attention to its employees' health and encourages its employees to have a good work-life balance. Additionally, the Group has maintained a five-day work week, and complies with the Hong Kong Employment Ordinance to protect employees' rights of rest days and holidays. All employees are entitled to rest days and certain leaves such as maternity leave, paternity leave, marriage leave, etc.

The Group did not lay off any employees due to COVID-19, and the compensation and welfare of its employees remain unchanged during FY2021. With respect to COVID-19, we have done our best to reduce the risk of infection for our employees and we have also adopted various preventive measures for the health and safety of our employees including those preventive measures titled "Together, We Fight the Virus!" that were promoted to the public by the Department of Health of the HKSAR Government (refer to the section "Health and Safety" below for details).

4. Development and Training

A high caliber corporate team is critical to the sustainable and long-term business development of the Group. To this end, the Group has established a long-term talent development training strategy and has also encouraged its staff to continue to study and take on lifelong learning. New hires are provided on-the-job training. The Human Resources Department together with the supervisors of each business unit have provided employees an introduction to the Group's corporate culture, as well as helped them gain industry knowledge and briefed new employees about their job duties. As the Group's businesses are registered institutions under the Securities and Futures Ordinance and licensed insurance intermediaries, the Group has policies in place to maintain and enhance its employees' technical knowledge and professional expertise; and also provide assurance to investors that our professional staff have the necessary technical knowledge, professional skills and business ethics; and are able to discharge their job duties efficiently and with integrity. In addition, we provide tuition fee subsidy to the employees who are interested in taking courses that are relevant to our business or their job duties. We believe that encouraging our employees to take relevant courses to enhance their professional knowledge and skills will bring potential benefits and contributions to the Group.

During FY2021, our professional staff have participated in various external training in the form of seminars. The training topics included Bloomberg, capital market, futures dealing, how COVID-19 has affected the world economy and equity trading, post-COVID-19 Chinese financials update, anti-money laundering and counter-financing of terrorism, identifying default risk in challenging credit markets, spotlight on pricing and risk analysis, investment in commodities: crude oil, sustainability bond overview: green bonds and social bonds in 2020, assessing the impact of the FX global code, etc. In addition, we have subsidized our employees to participate in various courses, and the topics included business studies, finance and law.

5. Health and Safety

As the operations of the Group are mainly executed in an office setting where no labor-intensive work is involved, the Group's occupational health and safety risks are relatively low. However, we still recognize that one of our core values is to protect and promote the health, workplace safety and well-being of our employees in the working environment. It is our stance that our employees' health and workplace safety is our priority and we have created a comfortable and hassle-free environment for our employees.

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

Due to the COVID-19 outbreak, we have adopted various preventive measures to reduce our employees' chances of being infected and spreading the disease. These precautions include the provision of face masks and alcohol-based hand sanitizers for our employees. Other measures we have taken to prevent the spread of COVID-19 were our adoption of a "work from home" policy, reminding our employees to follow good respiratory and hand hygiene, practice social distancing and allowing only our employees and visitors who do not have any COVID-19 symptoms to enter our offices. Other COVID-19 preventive measures that we implement on a daily basis include temperature checks and ensuring the workplace is clean and hygienic.

6. Compliance

During FY2021, the Group was not involved in any non-compliance incidents relating to employment, health and safety, and labor standards that have significant impact on the Group.

VI. OPERATING PRACTICES

1. Supply Chain Management

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

We have appointed a consultancy firm to coordinate for us the property redevelopment project at Fei Ngo Shan. We outsourced the project to contractors following the strict tendering requirement in evaluating and selecting contractors. The process included a background review, and the contractors that tendered for this project had to meet the requirements of qualifications, law compliance, technical standards, respect the spirit of agreements, reputation and so on. Our tendering process is fully transparent, and at the same time, we keep the tender confidential so as to prevent impacting its fairness and impartiality.

2. Service Responsibility

The Group is dedicated to providing high quality and professional services with the highest degree of integrity at competitive rates and pricing. We always strive to exceed our clients' expectations. Moreover, client satisfaction is vital to our future growth and to maintain sustainable development. We summarize below our approach in achieving this aim and the significant efforts that we have put into our operations:

(1) Licenses and Registrations

We have established a team of financial specialists and insurance intermediaries that possess the necessary licenses required by laws and regulations. They are dedicated to providing quality and professional investment services and insurance products to our clients. To avoid any doubt regarding the fitness, appropriateness and professional qualifications of our financial specialists and insurance intermediaries, they are mandated to undertake sufficient hours of continuous professional training each year for regulated activities (refer to the section "Development and Training" above for details). We also hold a mortgage financing license which enables us to provide relevant services to our clients in compliance with laws and regulations.

(2) Know your Client

Under our financial services, mortgage financing, securities trading and insurance brokerage businesses, the Group conducts "know your client" background reviews prior to opening accounts for new clients and prior to offering new clients our insurance products. This is to ensure that the most suitable financial services and insurance products are provided to clients and to build up our customers' confidence in our financial team. Prior to account opening and product offering, we carefully verify the client's identity, business nature, investment objectives, insurance objectives and experience, risk tolerance level, financial status, occupation, age, etc. and obtain relevant documents as proof and for our record keeping. We review and update our client profiles periodically.

With respect to our insurance brokerage services, the Group conducts a suitability assessment for the client before giving the client regulated insurance advice. In conducting the assessment, our licensed employees or representatives take the professional approach that has been widely accepted and used in the insurance industry to fully understand the client's objectives, needs and financial situation before they source a sufficient range of insurance products from a sufficient range of insurers that are relevant and suitable for the client.

The Group upholds high standards of integrity and professionalism throughout its businesses. In addition to the very strict account opening procedures that we have in place, we also have our anti-money laundering policy and procedures for our staff to follow for preventing financial crimes.

Environmental, Social and Governance Report (continued)

(3) Customer Data Protection and Privacy Policies

We handle our clients' personal data carefully with caution and in accordance with the requirements under the applicable laws and regulations. All client personal data are kept confidentially and securely. We have to inform clients about the purpose of collecting their personal data and to whom their data will be transferred to (if the recipient is related to the Company). All client personal data collected can only be used for the sole purpose as agreed in advance. We have to obtain the client's consent prior to disclosing such information to other parties whenever necessary. We have also established a stringent data management policy as well as set up adequate IT access control and measures to prevent both data leakage and hacking of our information systems. For example, physical access control, firewall, anti-virus software, regular security patch, restriction on the use of USB drives are all covered by our data protection measures. We also provide information security guidelines to our employees to educate and remind them about the importance of information security. During FY2021, there were no complaints received concerning breaches of customer privacy and loss of data.

(4) Customer Complaints

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

(5) Integrity

To ensure the sustainable growth of the Group's businesses, we strictly require all of our employees to conduct our businesses with integrity and in compliance with the applicable laws and regulations. As employees, it is important that they understand the Group's core values. To this end, we have communicated the Group's core values to our employees. All staff members of the Group, including Directors, management and general staff are required to adhere to our internal Code of Conducts. In case of conflict between the Code of Conducts and the laws and regulations from the regulators, the stricter of the two must be followed to an extent that the local laws and regulations are not violated.

(6) Compliance

During FY2021, the Group was not involved in any violation or non-compliance incidents relating to customer services that had significant impact on the Group; and did not receive any complaints concerning breaches of customer data privacy and loss of data.

3. Anti-corruption

The Group firmly believes fairness, honesty and integrity are the important commercial assets of the Group. To comply with the "Prevention of Bribery Ordinance" enforced by the Hong Kong Independent Commission Against Corruption and other applicable laws and regulations, we have strengthened our internal control system, built honesty and trust, set up our operation mission with abidance by law, integrity and quality services as its cores. Incorporating with the practical circumstances of the Group, we have strengthened the system, brought the discipline inspection and supervision works in the operation process, ensured there were channels for reporting in strict confidentiality of cases of obtaining personal interests in carrying out one's job duties, briberies, extortion, fraud, money laundering in breach of policies, laws and regulations. Disciplinary actions such as termination of employment will be taken against those employees who are in breach of the Group's code of conducts. We will keep on improving our whistleblowing system. We are determined to combat corruption and contribute to building a clean society.

To comply with the laws and regulations, and to protect the interests of stakeholders, our employees are required to strictly comply with policies and procedures relevant to each particular transaction including the verification of the client's identity, assessment of the client's honesty, integrity, commercial ability and creditworthiness; and to keep documents and records properly. To avoid dealing with potential money launderers, terrorist financiers or handling funds derived from any criminal activity, we refuse to operate any accounts for anonymous clients or in obviously fictitious names. Our employees are required to bring any suspicious transactions to the urgent attention of the compliance manager for review. The compliance manager will conduct a thorough investigation and determine whether suspicion remains. We have been providing appropriate training to our employees in the dealing department so that they understand the money laundering and counter-terrorism techniques; and we also remind our employees of their responsibilities with respect to anti-corruption. We shall update our employees to alert them of any new money laundering techniques being used from time to time. In FY2021, we participated in a seminar relating to corruption prevention and professional integrity organized by the Independent Commission Against Corruption for financial services practitioners.

During FY2021, the Group and its employees were not involved in any litigation cases of corruption.

VII. COMMUNITY INVESTMENT

As a responsible corporate citizen, the Group invests its time, energy and resources to care for the community. We take a proactive approach to support the communities where we operate. In FY2021, we continued to contribute to various charitable activities such as the Orbis World Sight Day 2020, Love Teeth Day 2020/2021 and Skip Lunch Day 2021 for the purposes of helping the needy live better and to support our community.

We wish to set a good example for others to follow, promote environmental protection and build a green world through community investment. In FY021, we participated in the "Lai See Reuse and Recycle Campaign" held by Greeners Action. FY2021 marked the 6th year of our participation in this campaign. This initiative is in line with the Group's recycling and reuse efforts as Greeners Action categorizes and repacks the red packets collected and distributes them to the public for recycle and reuse. The campaign aims to remind people to protect the environment while enjoying the New Year tradition. Moreover, in FY2021, we supported the Green Low Carbon Day held by The Community Chest of Hong Kong that allocates funds from this campaign to support "Green Related Projects" that included the provision of food rescue and assistance, redistribution of community resources, urban green and organic farm programs. Through the Group's donation to the campaign, we aim at promoting awareness and understanding of sustainable development while helping those in need. Another important community investment initiative that we undertook in FY2021 was the "Earth

Hour" event organized by the World Wildlife Fund. FY2021 marked an important milestone for us in this event as it was the 10th year of our involvement in this meaningful event. During the "Earth Hour" event, participants turned off the unnecessary lightings at home for an hour at the specified time. Such activity urges the public to put sustainability first, adopt a zero-carbon lifestyle, conserve the Earth's resources and to reduce its burden; and to work together to build a sustainable future for all.

We paid tax in accordance with the applicable laws and regulations since our incorporation, and spared no effort in easing local employment pressure. We have enrolled our staff in the Mandatory Provident Fund scheme, helping them to prepare and plan for their retirement. We run our businesses following good practices, actively promote green energy-saving and environmentally-friendly concepts, and achieve a good development order; and to a certain extent, we have contributed to social stability and building a harmonious community.

VIII. VISION OUTLOOK

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

The Group will endeavor to comply with the increasingly stringent laws and regulations pertaining to environmental protection. The Group wholeheartedly cares about the environment and participates in a variety of environmental protection initiatives on an ongoing basis. As such, energy conservation and emission reduction are top priorities for the Group. Furthermore, we will continue to provide our employees a safe and high-quality working environment, as this is one of our top priorities. The Group aims to attract more talents by providing a comfortable working environment as well as competitive and commensurate remuneration to its employees. With respect to the customer service that we provide our clients, we will keep on investing resources to further raise our high standards of customer service to an even higher level. We will continue to uphold the values of the Group's founder to care for the community, support our chosen charities, and promote the community's sustainable development.

The Group is a respectable enterprise. Through implementing sustainable development strategies and improving its business performance, the Group plans to continue to create more meaningful long-term value for the Group and its stakeholders.

IX. ENVIRONMENTAL PERFORMANCE DATA SUMMARY

	Unit	2020/2021	2019/2020
Natural resources consumption			
Electricity:			
Total	MWh	**107.54**	116.93
Intensity [3]	MWh	**1.25**	1.31
Gasoline:			
Total	Tonnes	**3.65**	5.90
Intensity [3]	Tonnes	**0.04**	0.07
Greenhouse gas emissions ("GHG")			
Scope 1 [1]:			
Total	Tonnes	**13.42**	21.67
Intensity [3]	Tonnes	**0.16**	0.24
Scope 2 [2]:			
Total	Tonnes	**67.60**	82.74
Intensity [3]	Tonnes	**0.79**	0.93
Air emissions			
Nitrogen oxides	Grams	**37.49**	60.66
Sulfur oxides	Grams	**72.86**	117.62
Particulate matters	Grams	**2.76**	4.47

Note:

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

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

3. Intensity is based on the number of employees.

Report of the Directors

The Directors present their report and audited financial statements of the Company and the Group for FY2021.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries consist of investment holdings, financial services, mortgage financing, property development and investment and securities trading.

RESULTS AND DIVIDENDS

The Group's results for FY2021 and the state of affairs of the Group as at 31 March 2021 are set out in the consolidated financial statements on pages 79 to 165.

The Directors did not propose a payment of final dividend for FY2021.

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

BUSINESS REVIEW

Details of the business review and future development of the Group, as well as its principal risks and uncertainties, are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 16 to 29 of this annual report.

Compliance with laws and regulations

During FY2021, as far as the Directors were aware, there were no material non-compliances with the applicable laws and regulations by the Group that has a significant impact on its businesses and operations, which mainly included the SFO and Money Lenders Ordinance.

Relationship with stakeholders

Employees are regarded as valuable assets of the Group. For the Group's key relationship with its employees, please refer to the section headed "Employment and Labor Practices" in the Environmental, Social and Governance Report contained in this annual report.

Moreover, the Group understands the importance of maintaining good relationships with its clients and business partners. The Group continues to provide its clients value-added services and professional services under its licensed businesses and clients have been satisfied with our services. Also, the Group maintains good relationships with its referral agents and insurance intermediaries which are vital for the development of its mortgage financing and insurance brokerage businesses.

Report of the Directors (continued)

Environmental policy and performance

Details of the Group's environmental protection practices are set out in the section headed "Environmental Protection" in the Environmental, Social and Governance Report contained in this annual report.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property, plant and equipment and investment properties of the Group are set out in notes 14 and 15 to the consolidated financial statements respectively. Further details of the Group's investment properties are set out on page 167.

SHARE CAPITAL

On 28 July 2020, the Board proposed that every ten ordinary shares of HK$0.01 each in the capital of the Company would be consolidated into one ordinary share of HK$0.10 each (the "**Share Consolidation**"). For more details of the Share Consolidation, please refer to the announcement of the Company dated 28 July 2020. The Share Consolidation was approved by the shareholders on 24 September 2020, and became effective on 28 September 2020. Accordingly, the total number of the then issued capital was consolidated from 6,394,806,109 into 639,480,610.

Further details of movements in the share capital of the Company are set out in note 31 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum of Association and Bye-Laws of the Company (the "**Bye-Laws**") or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

RESERVES

Details of movements in the reserves of the Company during FY2021 are set out in note 38(b) to the consolidated financial statements. Details of movements in the reserves of the Group during FY2021 are set out on page 82.

DISTRIBUTABLE RESERVES

As at 31 March 2021, the Company's reserves available for distribution were HK$182,608,000. Under the laws of Bermuda, the Company's share premium account, in the amount of HK$190,178,000, may be distributed in the form of fully-paid bonus shares.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate, is set out on page 166. This summary does not form part of the audited consolidated financial statements.

DIRECTORS

The Directors of the Company in FY2021 and up to the date of this report are:

Executive Directors

Mr. Cheung Hoo Win (Chief Executive Officer)
Mr. Ng Yiu Chuen
Ms. Mak Kit Ping

Independent Non-Executive Directors

Mr. Li Hancheng (Non-executive Chairman)
Mr. Yeung Shun Kee
Mr. Lo Tsz Fung Philip

In accordance with the Company's Bye-Laws 182(vi), one-third of the Directors (or, if their number is not a multiple of three, the number nearest to one-third but not less than one-third) shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting ("**AGM**").

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2021, none of the Directors and chief executive of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which required notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "**Model Code**").

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

None of the Directors had a material interest, either direct or indirect, in any contract of significance to the businesses of the Group to which the Company or any of its subsidiaries was a party in FY2021.

Report of the Directors (continued)

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under Section 336 of the SFO shows that, as at 31 March 2021, the Company had been notified of the following interests in the Company:

	Number of ordinary shares	Underlying shares	Total	Percentage
Mr. Cheung Chi Shing ("**Mr. Cheung**") (Note1)	156,413,810	31,282,760	187,696,570	26.74%
Ms. Yeung Han Yi Yvonne ("**Ms. Yeung**") (Note 1)	156,413,810	31,282,760	187,696,570	26.74%
Mr. Cheung Hoo Yin (Note 2)	38,816,381	7,763,276	46,579,657	6.64%

Note:

1. Mr. Cheung is the spouse of Ms. Yeung. Mr. Cheung and Ms. Yeung, personally, held 134,578,031 and 21,959,440 ordinary shares and/or underlying shares of the Company respectively. They were also deemed to have interest in 31,159,099 ordinary shares and/or underlying shares held by K.Y. Limited ("**KY**"). KY is a wholly owned subsidiary of Kenvonia Holdings Limited, which was in turn held equally by Mr. Cheung and Ms. Yeung.

2. Mr. Cheung Hoo Yin is the son of Mr. Cheung and Ms. Yeung.

BONUS ISSUE OF WARRANTS

Bonus Issue of Warrants-2021

On 23 December 2020, the Board proposed a new issue of bonus warrants to the shareholders on the basis of 1 warrant for every 5 shares (the "**Bonus Issue of Warrants-2021**"). For details of the Bonus Issue of Warrants-2021, please refer to the announcement of the Company dated 23 December 2020 (the "**Announcement-2020**"). On 26 January 2021, the shareholders approved the Bonus Issue of Warrants-2021, pursuant to which 138,997,618 warrants were issued. The initial subscription price was HK$0.285 and the subscription period was from 17 February 2021 to 16 February 2022 (both days inclusive). Full exercise of the subscription rights attaching to the 138,997,618 warrants would result in the issue of 138,997,618 new shares. Details of the exercise of Bonus Issue of Warrants-2021 up to 31 March 2021 are set out as follows:

	Number of warrants	Amount HK$'000
Warrants issued	138,997,618	39,614
Warrants exercised during FY2021	(6,903,498)	(1,967)
At 31 March 2021	132,094,120	37,647

As disclosed in the Announcement-2020, the Group would apply any subscription monies received as and when the subscription rights were exercised (the "**Subscription Monies**") for the administrative expenses, and the financing or funding the principal activities of the Group. As at 31 March 2021, approximately HK$1,414,000 of the Subscription Monies has been applied for the purpose of financing and funding the principal activities of the Group.

Bonus Issue of Warrants-2019

On 29 July 2019, the Board proposed an issue of bonus warrants to the shareholders on the basis of 1 warrant for every 5 shares (the "**Bonus Issue of Warrants-2019**"). For details of the Bonus Issue of Warrants-2019, please refer to the announcement of the Company dated 29 July 2019 (the "**Announcement-2019**"). On 3 September 2019, the shareholders approved the Bonus Issue of Warrants-2019, pursuant to which 1,176,096,375 warrants were issued. The initial subscription price was HK$0.01 and the subscription period was from 18 November 2019 to 17 November 2020 (both days inclusive). Full exercise of the subscription rights attaching to the 1,176,096,375 warrants would result in the issue of 1,176,096,375 new shares.

As a result of the Share Consolidation, the subscription price of the warrants had been adjusted from HK$0.01 to HK$0.10 per share, and the number of shares to be issued upon the exercise of the subscription rights attaching to the warrants had also been adjusted and is set out as follows:

	Number of warrants	Amount HK$'000
Warrants issued	1,176,096,375	11,761
Warrants exercised during FY2020	(31,986,945)	(320)
At 1 April 2020	1,144,109,430	11,441
Warrants exercised for the period from 1 April 2020 to the effective date for the Share Consolidation	(482,337,285)	(4,823)
Balance of warrants immediately before the Share Consolidation	661,772,145	6,618
Adjustment as a result of the Share Consolidation	(595,594,931)	–
Balance of warrants immediately after the Share Consolidation	66,177,214	6,618
Warrants exercised subsequent to the Share Consolidation	(54,426,385)	(5,443)
Rounding difference	(13)	–
Balance of warrants lapsed	11,750,816	1,175

Up to 31 March 2021, the Group has applied the subscription monies towards the general working capital of the Group as its intent disclosed in the Announcement-2019.

Report of the Directors (continued)

ISSUE OF CONVERTIBLE BONDS

On 16 July 2020, the Company entered into a conditional agreement to place up to HK$23,000,000 convertible bonds (the "**Placement**"). The Placement was completed on 10 August 2020 (the "**Issue Date**"). The coupon rate for the convertible bonds is 6% per annum. The maturity date of the convertible bonds is the third anniversary of the Issue Date, and the conversion period will commence from the thirty months after the Issue Date up to the maturity date. The convertible bonds were initially convertible into 1,045,454,545 shares at the initial conversion price of HK$0.022 per share, and were subsequently adjusted to 104,545,454 shares at the adjusted conversion price of HK$0.22 upon the completion of the Share Consolidation. The Company may at any time before the maturity date with mutual written consent from the relevant holders to redeem the outstanding bonds (in whole or in part) at 100 percent to the principal amount of the bonds to be redeemed with the outstanding interest accrued thereon up to and including the date of early redemption. For more details regarding the Placement, please refer to the announcement of the Company dated 16 July 2020 and the supplemental announcement dated 21 July 2020 (collectively referred to as the "**CB Announcements**").

The net proceeds from the issue of convertible bonds were HK$22,770,000. As disclosed in the CB Announcements, the Group would apply HK$15,000,000 towards the development of the Group's financing businesses, and HK$7,770,000 towards the Group's administrative expenses. Up to 31 March 2021, the net proceeds have been applied according to the designated usages.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Scheme**") which enables the Company to grant options to the participants in recognition of their contributions to the Group. Pursuant to the Scheme, the Directors may, within a period of 10 years from 21 September 2012 (the "**Adoption Date**"), grant options to any director or employee, adviser, consultant, agent, contractor, customer and supplier of the Group so that they can subscribe for the shares of the Company.

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on the Adoption Date, the total maximum number of shares (the "**Scheme Limit**") which might be issued upon exercise of all the options to be granted under the Scheme and any other share option schemes of the Company was 370,977,308 shares, representing 10% of the issued share capital of the Company as at the Adoption Date. At the annual general meeting held on 15 September 2017, shareholders of the Company approved to refresh the Scheme Limit to 482,125,176 shares. The Scheme Limit was further refreshed to 639,480,610 shares at the annual general meeting held on 24 September 2020, and was consolidated into 63,948,061 shares upon the Share Consolidation having become effective on 28 September 2020.

The maximum number of shares issuable under the Scheme to each eligible participant within any 12-month period is limited to 1% of the shares in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder, or to any of their associates, are subject to approval in advance by the independent non-executive Directors (the "**INEDs**").

The exercise price of the share options is determined by the Directors; However, the exercise price cannot be less than the higher of (i) the Stock Exchange closing price of the shares on the date of grant of the share options; and (ii) the average Stock Exchange closing price of the shares for the five trading days immediately preceding the date of the grant.

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

As at 31 March 2021, there were 35,575,000 share options outstanding. Further details of the Scheme are set out in note 32 to the consolidated financial statements.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during FY2021.

MAJOR CUSTOMERS

In FY2021, revenue from the Group's single largest and five largest customers combined accounted for approximately 4% and approximately 13%, respectively, of the Group's total revenue. In the Directors' opinion, the Group has no major suppliers in light of the nature of the Group's businesses.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 60 to 67.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors as at the latest practicable date prior to the issue of this report, the public float of the shares of the Company is sufficient.

AUDITORS

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

On behalf of the Board
Cheung Hoo Win
Chief Executive Officer

Hong Kong, 24 June 2021

Corporate Governance Report

The Board is committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, sustainable business growth and enhancing shareholders' value.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Listing Rules as its own code of corporate governance practices. The Company has complied with the applicable code provisions of the CG Code during FY2021.

BOARD OF DIRECTORS

During FY2021, the Board comprised three executive Directors, namely Mr. Cheung Hoo Win (Chief Executive Officer), Mr. Ng Yiu Chuen and Ms. Mak Kit Ping and three INEDs, namely Mr. Li Hancheng (Non-executive Chairman), Mr. Yeung Shun Kee and Mr. Lo Tsz Fung Philip. The Directors believe that the composition of the Board has a balance of skills and experience that is appropriate for the requirements of the businesses of the Group.

During FY2021, half of the Board members were INEDs and there was a strong independent element within the Board, which can effectively exercise independent judgment and monitor the corporate governance of the Group. All INEDs are appointed for a specific term of two years and each of them has made a confirmation on independency. After reviewing their confirmations on independency, the Company believes that they are still independent under Rule 3.13 of the Listing Rules.

During FY2021, 13 board meetings (including 4 regular board meetings to which 14 days' notice was given to all Directors) and three general meetings of the Company were held. Details of the Directors' attendance records during FY2021 are as follows:

	Number of board meetings attended	Number of general meetings attended
Executive Directors:		
Mr. Cheung Hoo Win (Chief Executive Officer)	13/13	3/3
Mr. Ng Yiu Chuen	13/13	2/3
Ms. Mak Kit Ping	13/13	3/3
Independent Non-Executive Directors:		
Mr. Li Hancheng (Non-executive Chairman)	13/13	3/3
Mr. Yeung Shun Kee	13/13	3/3
Mr. Lo Tsz Fung Philip	13/13	3/3

FUNCTIONS OF THE BOARD

To avoid concentration of power in any one individual, a clear division of responsibilities between the Chairman and the Chief Executive Officer is crucial to the effective running of the Board and the day-to-day management of the Group's businesses. During FY2021, the positions of the Chairman and the Chief Executive Officer of the Company were held by two different Directors, namely Mr. Li Hancheng and Mr. Cheung Hoo Win. Their roles and duties are segregated with a clear division of responsibilities.

The Board meets regularly to discuss the overall strategy as well as the operation and business performance of the Group, and to approve the Group's annual and interim results and other matters which need to be dealt with. The Board has delegated the day-to-day responsibilities to the management through the operation manuals which are reviewed from time to time to ensure that they meet the requirements of the Group's business development.

To ensure that the Directors' contribution to the Board remains informed and relevant, all of the Directors have participated in continuous professional development activities that are relevant to their performance of duties as Directors of the Company. According to the training records provided by the Directors, Ms. Mak Kit Ping and Mr. Lo Tsz Fung Philip have also attended training courses, seminars or conferences to develop and refresh their knowledge and skills. In FY2021, certain materials on legislative and regulatory updates were circulated to the Directors for them to update themselves on changes of regulations. In addition, the Group has in place a continued learning sponsorship scheme to sponsor the members of the Group including the Directors for their continuous professional development.

The Board is also responsible for performing the corporate governance duties as required under the CG Code. The major roles and functions of the Board in respect of corporate governance are:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual applicable to the employees and Directors; and
- to review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

In FY2021 and up to the date of this report, the Board has performed the corporate governance duties in accordance with its terms of reference.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy which sets out its approach to achieving diversity on the Board. The Company recognizes that increasing the diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the merit and contribution that the selected candidates will bring to the Board while taking into account diversity.

BOARD COMMITTEES

Audit Committee

The Company has an Audit Committee comprising all INEDs. The principal duties of the Audit Committee are to review the Group's interim and annual results, internal controls and make recommendations to the Board. The detailed terms of reference of the Audit Committee are available for inspection on the websites of Company and the Stock Exchange respectively.

Three Audit Committee meetings were held in FY2021. The attendance of each member of the Audit Committee is set out as follows:

Members of the Audit Committee	Number of Audit Committee meetings attended
Mr. Lo Tsz Fung Philip (Chairman)	3/3
Mr. Li Hancheng	3/3
Mr. Yeung Shun Kee	3/3

The Audit Committee had performed the following work in FY2021:

(i) reviewed and approved the audit scope and fees proposed by the external auditor for the annual audit for the year ended 31 March 2021;

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

(iii) reviewed the change in accounting standards and assessment of potential impacts on the Group's consolidated financial statements;

(iv) reviewed and recommended for the Board's approval of the consolidated financial statements and the related results announcement for the six months ended 30 September 2020;

(v) reviewed and recommended for the Board's approval of the consolidated financial statements and the related results announcement for the year ended 31 March 2020;

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

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

Remuneration Committee

The Company has a Remuneration Committee comprising all INEDs. The Remuneration Committee's principal duties are to make recommendations to the Board on the remuneration policy and structure for the Directors and senior management and to ensure that they are fairly rewarded for their individual contribution to the Group's overall performance. It is also the Remuneration Committee's duty to determine the specific remuneration packages of all executive Directors and senior management. The detailed terms of reference of the Remuneration Committee are available for inspection on the websites of the Company and the Stock Exchange respectively.

Three Remuneration Committee meetings were held in FY2021. The attendance of each member of the Remuneration Committee is set out as follows:

Members of the Remuneration Committee	Number of Remuneration Committee meetings attended
Mr. Yeung Shun Kee (Chairman)	3/3
Mr. Li Hancheng	3/3
Mr. Lo Tsz Fung Philip	3/3

The Remuneration Committee had performed the following work in FY2021:

(i) reviewed and approved the entitlement to the commission or referral fee by the executive Directors or senior management; and

(ii) reviewed and approved the payments of bonus to an executive Director.

Pursuant to the code provision of B.1.5 of the CG Code, details of the annual remuneration of the members of senior management by band for FY2021 is as follows:

	Number of senior management
HK$500,000 to HK$700,000	1
HK$700,001 to HK$900,000	1
HK$900,001 to HK$1,100,000	1

Corporate Governance Report (continued)

Nomination Committee

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

For nomination of an INED, the independence of the proposed candidate will be assessed with regard to the factors laid down in the Listing Rules. There are no fixed terms of services for executive Directors while INEDs are engaged for a term of two years, subject to retirement by rotation and re-election in accordance with the provisions of the Bye-Laws of the Company. The detailed terms of reference of the Nomination Committee are available for inspection on the websites of the Company and the Stock Exchange respectively.

One Nomination Committee meeting was held in FY2021. The attendance of each member of the Nomination Committee is set out as follows:

Members of the Nomination Committee	Number of Nomination Committee meeting attended
Mr. Li Hancheng (Chairman)	1/1
Mr. Yeung Shun Kee	1/1
Mr. Lo Tsz Fung Philip	1/1

The Nomination Committee had performed the following work in FY2021:

(i) reviewed the structure, size and composition of the Board to ensure they were suitable for the Group's corporate strategy and development;

(ii) reviewed and recommended for the Board's approval the proposed resolutions for re-election of the retiring Directors at the forthcoming AGM;

(iii) assessed the independence of the INEDs; and

(iv) reviewed the Board diversity policy.

Directors' Securities Transactions

The Board has adopted the Model Code as its own code for securities transactions by Directors. All members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code in FY2021.

AUDITORS' REMUNERATION

For FY2021, the remuneration paid or payable in respect of statutory audit, interim results review and internal controls review by the external auditors of the Company were approximately HK$830,000, HK$60,000 and HK$85,000 respectively.

SHAREHOLDERS' RIGHTS

Convening a Special General Meeting of the Company by Shareholders

In accordance with Article 62 of the Bye-Laws of the Company, as provided by the Companies Act, a special general meeting can be convened on the requisition of shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company. Such requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company.

Procedures for Sending Enquiries to the Board

Enquiries by shareholders to be put to the Board can be sent in writing to the Directors or Company Secretary at the Company's principal place of business in Hong Kong. The shareholders may make any enquiry about the Company through the following hotlines:

Telephone:	(852) 2959 7200
Facsimile:	(852) 2310 4824
E-mail address:	shareholder@styland.com

For share registration related matters, such as share transfer and registration, change of name or address, loss of share certificates or dividend warrants, the Company's registered shareholders can contact the Company's branch share registrar in Hong Kong, Tricor Tengis Limited.

Procedures for Making Proposals at Shareholders' Meetings

If a shareholder of the Company wishes to nominate a person to stand for election as a Director, the following documents must be validly sent to the Company's principal place of business in Hong Kong namely (i) his/her notice of intention to propose a resolution at the general meeting; and (ii) a notice executed by the nominated candidate of the candidate's willingness to be appointed. The period for lodgment of the notices of (i) and (ii) above will commence no earlier than the day after the despatch of the notice of the general meeting and end no later than seven days prior to the date of such meeting.

To put forward proposals other than the above at a general meeting, shareholders of the Company should submit a written notice of those proposals with their detailed contact information to the Company Secretary at the Company's principal place of business in Hong Kong. The notice period to be given to all the shareholders for consideration of the proposal raised by the shareholders concerned at general meetings varies according to the nature of the proposal.

Corporate Governance Report (continued)

SHAREHOLDERS AND INVESTORS RELATIONS

The Board adopts an open and transparent communication policy and ensures that there is full disclosure to the public as a way to enhance corporate governance. The Board aims to provide the Company's shareholders and the public with the necessary information for them to form their own judgment on the Company. Corporate communication materials such as annual reports, interim reports and circulars are issued in printed form and are also available in electronic format on the websites of the Company, the Stock Exchange and irasia.com. There were no significant changes in the Company's constitutional documents for FY2021.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility for the preparation of the financial statements for each financial period, which shall give a true and fair view of the state of affairs of the Company. During FY2021, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue in business. Accordingly, the Board has prepared the financial statements of the Company on a going concern basis.

All of the Directors acknowledged their responsibility for preparing the financial statements of the Company for FY2021.

The statement of the external auditor of the Company about its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 73 to 78 of this annual report.

The Company announces its interim and annual results as soon as reasonably practicable after the end of the relevant financial period and the financial year respectively pursuant to the requirements of the Listing Rules, disclosing all such information as would enable the Company's shareholders to assess the performance, financial position and prospects of the Company.

Risk Management and Internal Controls

The Board also acknowledges its responsibility for overseeing the Group's risk management and internal controls on an ongoing basis and reviewing their effectiveness at least annually. The management continues to allocate resources for the risk management and internal control systems to provide reasonable, though not absolute, assurance against misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives.

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

The Board, through the Audit Committee, has delegated the internal audit function to an independent external assurance provider, who has conducted a review on the adequacy and effectiveness of the Group's risk management and internal control systems for FY2021.

A risk-based approach is adopted for the internal audit of the Group. The annual work plan covers the major activities and process of the Group's operation, business and service segments and corporate governance. The results of these audit activities were communicated to the Audit Committee and will be followed up for proper implementation.

Based on the report from the outsourced internal auditor, the Board considers the Group's internal control and risk management systems adequate and effective, and the Group has complied with the CG Code.

The Audit Committee has discussed with the management about the adequacy of the resources, staff qualifications and experience, training programmes on the Group's accounting, financial reporting and internal control functions.

Handling and Dissemination of Inside Information

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

On behalf of the Board
Ng Yiu Chuen
Executive Director

Hong Kong, 24 June 2021

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Cheung Hoo Win (Chief Executive Officer)
Mr. Ng Yiu Chuen
Ms. Mak Kit Ping

Independent Non-Executive Directors
Mr. Li Hancheng (Non-executive Chairman)
Mr. Yeung Shun Kee
Mr. Lo Tsz Fung Philip

AUDIT COMMITTEE

Mr. Lo Tsz Fung Philip (Chairman)
Mr. Li Hancheng
Mr. Yeung Shun Kee

REMUNERATION COMMITTEE

Mr. Yeung Shun Kee (Chairman)
Mr. Li Hancheng
Mr. Lo Tsz Fung Philip

NOMINATION COMMITTEE

Mr. Li Hancheng (Chairman)
Mr. Yeung Shun Kee
Mr. Lo Tsz Fung Philip

COMPANY SECRETARY

Mr. Wang Chin Mong

AUDITOR

Grant Thornton Hong Kong Limited

LEGAL ADVISERS

As to Hong Kong Law
Michael Li & Co.
TC & Co.

As to Bermuda Law
Appleby

As to the PRC Law
Hills & Co.

PRINCIPAL BANKERS	OCBC Wing Hang Bank Limited Industrial and Commercial Bank of China (Asia) Limited Bank of China (Hong Kong) Limited The Hongkong and Shanghai Banking Corporation Limited Standard Chartered Bank (Hong Kong) Limited Nanyang Commercial Bank Limited DBS Bank (Hong Kong) Limited Chong Hing Bank Limited
PRINCIPAL REGISTRAR	Ocorian Management (Bermuda) Limited Victoria Place, 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda
HONG KONG BRANCH REGISTRAR	Tricor Tengis Limited Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
REGISTERED OFFICE	Victoria Place, 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda
PRINCIPAL PLACE OF BUSINESS	28th Floor Aitken Vanson Centre 61 Hoi Yuen Road Kwun Tong, Kowloon Hong Kong Telephone: (852) 2959-3123 Facsimile: (852) 2310-4824 E-mail address: sty@styland.com
SHAREHOLDERS' SERVICE HOTLINE	Telephone: (852) 2959 7200 Facsimile: (852) 2310 4824 E-mail address: shareholder@styland.com
WEBSITE	http://www.styland.com
INVESTORS' WEBSITE	http://www.irasia.com/listco/hk/styland/

Board of Directors

MR. CHEUNG HOO WIN

Chief Executive Officer and Executive Director

Mr. Cheung, aged 41, joined the Group in 2004. He was appointed executive Director in 2006 and Chief Executive Officer in 2009. Mr. Cheung graduated from Peking University (Department of International Economics and Trade). During his studies at Peking University, Mr. Cheung developed good business connections in the PRC. Previously, he worked for China Development Research Foundation, the subordinate unit of the Development Research Centre of the State Council, and was the vice-president of the Macau Energy Saving Association. Mr. Cheung is a member of the Hong Kong United Youth Association.

Mr. Cheung is responsible for the entire Group's business and development. He is also responsible for the Group's China related businesses as well as dealing with the Group's mainland customers which also have their operations in Hong Kong. Mr. Cheung is also one of the directors of the subsidiaries of the Company. Mr. Cheung is the son of Mr. Cheung Chi Shing and Ms. Yeung Han Yi Yvonne, and the brother of Mr. Cheung Hoo Yin. Mr. Cheung Chi Shing, Ms. Yeung Han Yi Yvonne and Mr. Cheung Hoo Yin are the substantial shareholders of the Company.

MR. NG YIU CHUEN

Executive Director

Mr. Ng, aged 62, joined the Group in 2010 as associate director of a subsidiary. He was appointed executive Director in December 2010. Mr. Ng obtained a bachelor's degree in Business Administration from City University of Hong Kong and was elected as Associate of The Hong Kong Institute of Bankers in 2002.

Mr. Ng has over 41 years of experience in the financing and asset management business. Prior to joining the Group, he had, for more than 18 years, held senior executive management roles and was responsible for overseeing the finance division and managing the portfolios of liquid assets for various well known international companies including GE Capital (Hong Kong) Limited and American Express Bank Limited. Mr. Ng is mainly responsible for the money lending business of the Group. Mr. Ng is also one of the directors of certain subsidiaries of the Company.

MS. MAK KIT PING

Executive Director

Ms. Mak, aged 55, joined the Group in April 2008. She was appointed executive Director in February 2012. Ms. Mak is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Ms. Mak is licensed under the Securities and Futures Ordinance for Type 1 activity (dealing in securities), Type 2 activity (dealing in futures contracts), Type 4 activity (advising on securities), Type 6 activity (advising on corporate finance) and Type 9 activity (asset management), and is one of the responsible officers of Ever-Long Securities Company Limited, Ever-Long Futures Limited, Ever-Long Research Limited and Ever-Long Capital Management Limited, all are the wholly owned subsidiaries of the Company. Ms. Mak has more than 27 years of experience in the securities business and is mainly responsible for the Group's financial services business. Ms. Mak is also one of the directors of the subsidiaries of the Company.

MR. LI HANCHENG

Non-Executive Chairman and Independent Non-Executive Director

Mr. Li, aged 58, was appointed independent non-executive Director of the Company in 2008 and the Non-executive Chairman of the Company on 31 March 2020. He graduated from Southwest University of Political Science and Law in 1984. Mr. Li had previously worked at the Supreme People's Court of the People's Republic of China as a senior judge. He possesses extensive experience and practice in law.

Mr. Li is a lawyer of the Beijing S&P (Haikou) Law Firm and the senior partner of the Beijing S&P Law Firm. He is also a member of China Maritime Law Association, All China Lawyers Association and Hainan Lawyers Association. Mr. Li is an independent non-executive director of China Minsheng Banking Corp., Ltd., a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1988) and Shanghai Stock Exchange (stock code: 600016). He is also an independent non-executive director of SnowValley Agriculture Development Company Limited and an outside director of Beijing Electronics Holding Company Limited.

MR. YEUNG SHUN KEE

Independent Non-Executive Director

Mr. Yeung, aged 62, was appointed independent non-executive Director of the Company in 2003. He manages his own certified public accounting firm. Mr. Yeung has extensive experience in accounting, auditing and taxation works.

Mr. Yeung is a member of the Certified Public Accountants of Australia and a certified public accountant (practising) of the Hong Kong Institute of Certified Public Accountants.

MR. LO TSZ FUNG PHILIP

Independent Non-Executive Director

Mr. Lo, aged 54, was appointed independent non-executive Director in 2009. He graduated from the University of Wollongong, NSW Australia in 1992 with a Bachelor of Commerce degree. Currently, Mr. Lo is an independent director of Dragon Jade International Limited, a company listed on OTCQX in the United States. He also currently holds the positions of director and chief executive officer, chief financial officer as well as corporate secretary at China Keli Electric Company Limited, a company listed on the NEX board of TSX Venture Exchange in Canada. Mr. Lo is also the director and listing executive of Great Vision Capital Limited which is a listing advisor approved by the Dutch Caribbean Securities Exchange. Previously, he was an executive director of Golden Century International Holdings Group Limited (stock code: 91), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited for the period from 11 September 2019 to 1 July 2020.

Mr. Lo has extensive experience in the areas of corporate management, financial accounting and auditing. Mr. Lo is a member of the Certified Public Accountants of Australia and a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

Senior Management

MR. CHOY SHUEN YAN ANDY

Director of Subsidiaries

Mr. Choy, aged 59, was appointed a director of Ever-Long Securities Company Limited in 1998. He is a director of certain subsidiaries of the Company. Mr. Choy holds a Bachelor of Commerce degree from McMaster University of Ontario, Canada. Mr. Choy is licensed under the Securities and Futures Ordinance for Type 1 activity (dealing in securities), Type 2 activity (dealing in futures contracts) and Type 4 activity (advising on securities) and is a responsible officer of Ever-Long Securities Company Limited and Ever-Long Research Limited, both are the wholly owned subsidiaries of the Company. He has more than 31 years of experience in the securities business.

MR. TANG KWAN CHUNG

Director of Subsidiaries

Mr. Tang, aged 56, joined the Group in 2008. He is a director of certain subsidiaries of the Company. Mr. Tang obtained his bachelor's degree in Real Estate Administration from Middlesex University. Mr. Tang is licensed under the Securities and Futures Ordinance for Type 1 activity (dealing in securities), Type 2 activity (dealing in futures contracts), Type 4 activity (advising on securities) and Type 9 activity (asset management), and is a responsible officer of Ever-Long Securities Company Limited and Ever-Long Capital Management Limited, both are the wholly owned subsidiaries of the Company. Mr. Tang has more than 21 years of experience in the financial services business.

MS. HUNG LAI KAM DIANA

Director of Subsidiaries

Ms. Hung, aged 40, joined the Group as an associate director of a subsidiary in 2010. Ms. Hung holds a bachelor's degree in International Economic and Trade from Peking University and a master's degree in Business Administration from The University of Iowa. Ms. Hung has extensive experience in management. She is a director of two wholly owned subsidiaries of the Company.

Independent Auditor's Report

Grant Thornton
致同

To the members of Styland Holdings Limited
大凌集團有限公司
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Styland Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 79 to 165 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 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 ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Independent Auditor's Report (continued)

KEY AUDIT MATTERS *(CONTINUED)*

The key audit matters	How the matters were addressed in our audit

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

Refer to note 17 and note 18 to the consolidated financial statements, the accounting policies in note 2.7 and the critical judgment in applying the Group's accounting policies in note 4.2

As at 31 March 2021, the carrying amounts of the Group's loan receivables and accounts receivable net of ECL allowance of HK$14,311,000 and HK$5,947,000 were HK$171,218,000 and HK$26,844,000 respectively.

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

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

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

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

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

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

— checking, on sample basis, subsequent settlements on loan receivables and accounts receivable for the recoverability; and

— reviewing the appropriateness of adjustments to the forward-looking information.

KEY AUDIT MATTERS *(CONTINUED)*

The key audit matters	How the matters were addressed in our audit
Valuation of investment properties *Refer to note 15 to the consolidated financial statements, the accounting policies in note 2.5 and the key sources of estimation uncertainty in note 4.1*	
As at 31 March 2021, the Group's investment properties amounted to HK$360,673,000, represented approximately 44% of the Group's total assets. As at 31 March 2021, all of the Group's investment properties were stated at fair value based on valuations performed by independent qualified valuers (the "**Valuers**"). We identified the valuation of investment properties as a key audit matter due to the valuation is dependent on significant judgments and assumptions.	Our audit procedures in relation to the valuation of investment properties included: — evaluating the competency, capabilities and objectivity of the Valuers by taking into account of their independence, experience and qualifications; — assessing appropriateness of the methodologies and the key assumptions used in the valuation in arriving at the fair value of investment properties; and — assessing the reasonableness of key inputs used in the valuation by comparing with relevant market information with similar properties.

OTHER INFORMATION

The directors of the Company (the "**Directors**") are responsible for the other information. The other information comprises all the information in the annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Independent Auditor's Report (continued)

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981 and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditor's Report (continued)

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

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

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

24 June 2021

Lam Yau Hing
Practising Certificate No.: P06622

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Turnover	6	**213,256**	207,293
Revenue	6	**47,009**	52,265
Costs of brokerage services		**(3,919)**	(2,408)
Other income	6	**3,883**	23,294
Administrative expenses		**(68,114)**	(104,185)
Selling and distribution expenses		**(4,538)**	(3,477)
Change in fair value of investment properties	15	**(1,155)**	(13,959)
Change in fair value of financial assets at fair value through profit or loss ("**FVTPL**")		**(2,299)**	(4,191)
Gain/(Loss) on disposal of financial assets at FVTPL		**2,950**	(799)
Expected credit losses ("**ECL**") recognized in respect of loan receivables	17	**(8,089)**	(4,534)
ECL recognized in respect of accounts receivable	18	**(1,387)**	(499)
ECL recognized in respect of other receivables	21	**(3,846)**	–
Reversal of ECL recognized in respect of loan receivables	17	**7,177**	1,510
Reversal of ECL recognized in respect of accounts receivable	18	**629**	4,549
Reversal of ECL recognized in respect of other receivables	21	**390**	39
Gain on disposal of subsidiaries		**–**	1,255
Finance costs	8	**(7,586)**	(12,881)
Loss before taxation	7	**(38,895)**	(64,021)
Income tax expense	9	**–**	(16)
Loss and total comprehensive expense for the year		**(38,895)**	(64,037)
(Loss)/Profit and total comprehensive (expense)/income for the year attributable to:			
— Owners of the Company		**(38,895)**	(66,661)
— Non-controlling interests		**–**	2,624
		(38,895)	(64,037)
			(Restated)
Loss per share			
— Basic	13	**(HK$0.06)**	(HK$0.12)
— Diluted	13	**(HK$0.06)**	(HK$0.12)

The notes on pages 85 to 165 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2021

	Note	31 March 2021 HK$'000	31 March 2020 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**33,256**	30,462
Investment properties	15	**360,673**	353,000
Intangible assets	16	**1,500**	–
Financial asset at FVTPL	22	**6,497**	6,323
Loan receivables	17	**34,201**	48,254
		436,127	438,039
Current assets			
Loan receivables	17	**137,017**	148,940
Accounts receivable	18	**26,844**	13,964
Promissory note receivable	19	**–**	250
Contract assets	20	**950**	–
Other receivables, deposits and prepayments	21	**12,172**	11,168
Financial asset at fair value through other comprehensive income ("**FVOCI**")	40	**–**	–
Financial assets at FVTPL	22	**23,405**	32,596
Client trust funds	23	**74,400**	56,854
Cash and cash equivalents	24	**114,614**	53,308
		389,402	317,080
Total assets		**825,529**	755,119

	Note	31 March 2021 HK$'000	31 March 2020 HK$'000
Current liabilities			
Accounts payable	25	**92,621**	60,584
Contract liabilities	20	**1,000**	2,125
Other payables and accruals		**5,329**	10,115
Promissory note payables	26	**57,650**	16,020
Loans	27	**172,555**	156,190
Bond payable	29	**–**	2,000
Lease liabilities	28	**4,403**	5,627
Tax payable		**–**	16
		333,558	252,677
Net current assets		**55,844**	64,403
Total assets less current liabilities		**491,971**	502,442
Non-current liabilities			
Convertible bonds	30	**21,213**	–
Lease liabilities	28	**437**	3,208
		21,650	3,208
Net assets		**470,321**	499,234
EQUITY			
Share capital	31	**70,189**	59,125
Reserves		**400,132**	440,109
Total equity		**470,321**	499,234

Cheung Hoo Win
Executive Director

Ng Yiu Chuen
Executive Director

The notes on pages 85 to 165 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Attributable to the owners of the Company											
	Share capital HK$'000	Share premium* HK$'000	Capital redemption reserve* HK$'000	Special capital reserve* HK$'000 (note 33(a))	Contributed surplus* HK$'000 (note 33(b))	Fair value reserve* HK$'000	Share option reserve* HK$'000	Convertible bonds reserve* HK$'000	Accumulated losses* HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2019	50,951	187,245	7,480	571,147	524,406	(2,305)	–	–	(787,212)	551,712	(3,202)	548,510
(Loss)/Profit and total comprehensive (expense)/income for the year	–	–	–	–	–	–	–	–	(66,661)	(66,661)	2,624	(64,037)
Reclassification to accumulated losses upon disposal	–	–	–	–	–	2,305	–	–	(2,305)	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	578	578
Transactions with owners:												
Dividend recognized as distribution (note 12)	–	–	–	–	(6,709)	–	–	–	–	(6,709)	–	(6,709)
Exercise of bonus warrants (note 31)	7,744	–	–	–	–	–	–	–	–	7,744	–	7,744
Issue of scrip shares (note 31)	430	1,418	–	–	–	–	–	–	–	1,848	–	1,848
Recognition of equity-settled share-based payment (note 32)	–	–	–	–	–	–	11,300	–	–	11,300	–	11,300
Lapse of share options	–	–	–	–	–	–	(41)	–	41	–	–	–
Total transactions with owners	8,174	1,418	–	–	(6,709)	–	11,259	–	41	14,183	–	14,183
At 31 March 2020	59,125	188,663	7,480	571,147	517,697	–	11,259	–	(856,137)	499,234	–	499,234
At 1 April 2020	**59,125**	**188,663**	**7,480**	**571,147**	**517,697**	**–**	**11,259**	**–**	**(856,137)**	**499,234**	**–**	**499,234**
Transactions with owners:												
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(38,895)**	**(38,895)**	**–**	**(38,895)**
Dividend recognized as distribution (note 12)	**–**	**–**	**–**	**–**	**(5,030)**	**–**	**–**	**–**	**–**	**(5,030)**	**–**	**(5,030)**
Issue of convertible bonds (note 30)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,433**	**–**	**2,433**	**–**	**2,433**
Exercise of bonus warrants (note 31)	**10,956**	**1,277**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,233**	**–**	**12,233**
Issue of scrip shares (note 31)	**108**	**238**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**346**	**–**	**346**
Lapse of share options	**–**	**–**	**–**	**–**	**–**	**–**	**(2,424)**	**–**	**2,424**	**–**	**–**	**–**
Total transactions with owners	**11,064**	**1,515**	**–**	**–**	**(5,030)**	**–**	**(2,424)**	**2,433**	**(36,471)**	**(28,913)**	**–**	**(28,913)**
At 31 March 2021	**70,189**	**190,178**	**7,480**	**571,147**	**512,667**	**–**	**8,835**	**2,433**	**(892,608)**	**470,321**	**–**	**470,321**

* The reserves accounts comprise the Group's total reserves of HK$400,132,000 (2020: HK$440,109,000) in the consolidated statement of financial position.

The notes on pages 85 to 165 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
Cash flows from operating activities		
Loss before taxation	**(38,895)**	(64,021)
Adjustments for:		
Change in fair value of financial assets at FVTPL	**2,299**	4,191
Change in fair value of investment properties	**1,155**	13,959
Depreciation	**7,777**	7,917
Finance costs	**7,586**	12,881
ECL recognized in respect of accounts receivable	**1,387**	499
ECL recognized in respect of loan receivables	**8,089**	4,534
ECL recognized in respect of other receivables	**3,846**	–
Impairment of right-of-use assets	**1,656**	–
Bank interest income	**(151)**	(200)
Share based payment expense	**–**	11,300
Gain on disposal of subsidiaries	**–**	(1,255)
Loss on disposal of property, plant and equipment	**60**	–
Bad debts written-off	**28**	1,951
Reversal of ECL recognized in respect of accounts receivable	**(629)**	(4,549)
Reversal of ECL recognized in respect of loan receivables	**(7,177)**	(1,510)
Reversal of ECL recognized in respect of other receivables	**(390)**	(39)
Operating loss before working capital changes	**(13,359)**	(14,342)
(Increase)/Decrease in accounts receivable	**(13,638)**	20,543
Decrease in loan receivables	**25,036**	21,203
(Increase)/Decrease in contract assets	**(950)**	997
(Increase)/Decrease in other receivables, deposits, and prepayments	**(4,460)**	8,695
Decrease/(Increase) in financial assets at FVTPL	**6,683**	(5,383)
(Increase)/Decrease in client trust funds	**(17,546)**	33,927
Increase/(Decrease) in accounts payable	**32,037**	(45,704)
(Decrease)/Increase in contract liabilities	**(1,125)**	404
(Decrease)/Increase in other payables and accruals	**(376)**	980
Decrease/(Increase) in promissory note receivable	**250**	(3,932)
Cash generated from operating activities	**12,552**	17,388
Income taxes paid	**(40)**	–
Net cash generated from operating activities	**12,512**	17,388

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
Cash flows from investing activities		
Interest received	**151**	200
Payment to acquire property, plant and equipment	**(10,215)**	(12,132)
Payment to acquire financial assets at FVTPL	**–**	(7,800)
Proceeds from disposal of property, plant and equipment	**571**	–
Payment to acquire license right	**(1,500)**	–
Cash outflow from disposal of subsidiaries	**–**	(4,478)
Payment for the redevelopment project	**(13,474)**	(25,172)
Net cash used in investing activities	**(24,467)**	(49,382)
Cash flows from financing activities		
Proceeds from loans	**51,500**	45,851
Repayment of loans	**(35,100)**	(23,889)
Interest paid	**(6,940)**	(12,881)
Proceeds from issuance of convertible bonds	**23,000**	–
Proceeds from issuance of promissory note payables	**70,380**	–
Repayment of promissory note payables	**(28,750)**	(51,438)
Repayment of bond payable	**(2,000)**	–
Decrease in pledged bank deposits	**–**	5,000
Dividends paid	**(4,684)**	(4,861)
Proceeds from issuance of share capital	**12,233**	7,744
Payment of capital element of lease liabilities	**(6,378)**	(5,953)
Net cash from/(used in) financing activities	**73,261**	(40,427)
Net increase/(decrease) in cash and cash equivalents	**61,306**	(72,421)
Cash and cash equivalents at beginning of year	**53,308**	112,372
Cash and cash equivalents of disposal group classified as held for sale	**–**	13,357
Cash and cash equivalents at end of year	**114,614**	53,308

The notes on pages 85 to 165 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 31 July 1991 as an exempted company with limited liability under the Companies Act of Bermuda. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and principal place of business of the Company are Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and 28th Floor, Aitken Vanson Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong respectively.

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

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

The consolidated financial statements for the year ended 31 March 2021 have been approved for issue by the board of directors (the "**Board**") on 24 June 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

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

— investment properties;

— financial asset at FVOCI; and

— financial assets at FVTPL.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

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

2.1 Basis of preparation *(Continued)*

The measurement bases are fully described in the accounting policies below.

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

2.2 Basis of consolidation

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

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

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

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

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

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

2.2 Basis of consolidation *(Continued)*

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to accumulated losses). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

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

2.3 Foreign currency translation

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

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

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

2.4 Property, plant and equipment

Property, plant and equipment (other than cost of right-of-use assets as described in note 2.10) are initially recognized at acquisition cost, including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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

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

Accounting policy for depreciation of right-of-use assets is set out in note 2.10.

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

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

2.4 Property, plant and equipment *(Continued)*

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

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

2.5 Investment properties

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

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

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

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

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

2.6 Intangible asset

Intangible asset with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses and are tested for impairment as described below in note 2.16.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

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

2.7 Financial instruments

Recognition and derecognition

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

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

Financial assets

Classification and initial measurement of financial assets

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

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

— amortised cost;

— FVTPL; or

— FVOCI.

The classification is determined by both:

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

— the contractual cash flow characteristics of the financial asset.

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

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

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

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

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

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

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

Financial assets at FVTPL

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

Equity investments

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

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

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and contract assets

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

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

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

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

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

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

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

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

Accounts receivable, loan receivables and contract assets

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

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

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

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and contract assets *(Continued)*

Other financial assets measured at amortised cost

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

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

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

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

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

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

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

— 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 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

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

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and contract assets *(Continued)*

Other financial assets measured at amortised cost *(Continued)*

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

For internal credit risk management, the Group considers an event of default occurs when (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group); or (ii) the financial asset is 90 days past due.

Detailed analysis of the ECL assessment of accounts receivable, loan receivables, promissory note receivables, contract assets and other financial assets measured at amortised cost are set out in note 40.3.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include accounts payable, promissory note payables, loans, bond payable, convertible bonds, lease liabilities and other payables and accruals.

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

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

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

Accounting policies of lease liabilities are set out in note 2.10.

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

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

2.7 Financial instruments *(Continued)*

Financial liabilities *(Continued)*

Convertible bonds

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

Convertible bond issued by the Group that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate for similar non-convertible debts. The difference between the proceeds of the issue of the convertible bond and the fair value assigned to the liability component, representing the call option for conversion of the bond into equity, is included in equity as convertible bonds reserve.

The liability component is subsequently carried at amortised cost using the effective interest method. The equity component will remain in equity until conversion or redemption of the bond.

When the bond is converted, the equity component of convertible bond and the carrying value of the liability component at the time of conversion are transferred to share capital as consideration for the shares issued. If the bond is redeemed, the convertible bonds reserve is released directly to accumulated losses.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months or less of maturity at acquisition. For the purpose of the consolidated statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

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

2.9 Contract assets and contract liabilities

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

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

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

2.10 Leases

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

— the contracts contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

— the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

— the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

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

2.10 Leases *(Continued)*

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, any variable payments based on an index or rate, and any amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these leases are recognized as an expense in the profit or loss on a straight-line basis over the lease term. Short- term leases are leases with a lease term of 12 month or less.

On the consolidated statement of financial position, right-of-use assets have been included in property, plant and equipment, the same line as it presents the underlying assets of the same nature that it owns.

Refundable rental deposits paid are accounted for 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

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

2.11 Provisions and contingent liabilities

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

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

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

2.12 Share capital

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

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

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

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

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

2.14 Revenue recognition

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

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

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

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

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

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

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

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

(b) interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition;

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

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

2.14 Revenue recognition *(Continued)*

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

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

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

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

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

(g) Insurance brokerage commission income are recognized at a point in time when relevant services are rendered.

2.15 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognized in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate.

Government grants relating to income are presented in gross under other income in the consolidated statement of profit or loss and other comprehensive income. Government grants that compensate the Group for expenses incurred are deducted against the related expense.

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

2.16 Impairment non-financial assets

The following assets are subject to impairment testing:

— Intangible asset;

— Property, plant and equipment (including right-of-use assets); and

— The Company's interests in subsidiaries.

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

An impairment loss is recognized as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

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

Impairment loss is charged pro rata to the assets in the CGU, except that the carrying amount of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determined. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

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

2.17 Employee benefits

Retirement benefits scheme

Retirement benefits to employees are provided through defined contribution plans.

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

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

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

Short-term employee benefits

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

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

Long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance ("**Employment Ordinance**") in the event of the termination of their employment under the circumstances specified in the Employment Ordinance. A provision is recognized in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the end of the reporting period.

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

2.17 Employee benefits *(Continued)*

Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the equity instruments awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is recognized as an expense in profit or loss over the vesting period if vesting conditions apply, or recognized as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the "share option reserve" in equity. If vesting conditions apply, the expense is recognized over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates.

At the time when the share options are exercised, the amount previously recognized in "share option reserve" will be transferred to "share capital" and "share premium". After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognized in "share option reserve" will be transferred to "accumulated losses".

2.18 Borrowing costs

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

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

2.19 Accounting for income taxes

Income tax comprises current tax and deferred tax.

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

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profits, including existing taxable temporary difference, will be available against which the deductible temporary differences, unused tax losses and unused tax credits, can be utilised.

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

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

For investment property measured using the fair value model in accordance with the accounting policy above, the measurement of the related deferred tax liability or asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale, unless the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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

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

2.19 Accounting for income taxes *(Continued)*

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

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

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

— income or loss excluding reversals of temporary differences; and

— reversals of existing temporary differences.

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

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

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

2.20 Related parties

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

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

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

  (ii) has significant influence over the Group; or

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

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

2.20 Related parties *(Continued)*

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

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

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the Group are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2.21 Fair value measurements

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

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

Level 2 valuations: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and not using significant unobservable inputs;

Level 3 valuations: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (significant unobservable inputs).

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

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for making strategic and operational decision and allocating resources and assessing performance of the operating segments, has been identified as the executive Directors.

3. NEW AND AMENDED HKFRSs

3.1 Amended HKFRSs that are effective for annual periods beginning on or after 1 April 2020

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2020:

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

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

3.2 Issued but not yet effective HKFRSs

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

HKFRS 17	Insurance Contracts and related amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[5]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[1]
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[6]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[7]
Amendments to HKAS1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

3. NEW AND AMENDED HKFRSs *(CONTINUED)*

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 12	Income taxes — Recognition exemption[3]
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 HKFRS Standards 2018–2020[2]
Accounting Guideline 5 (Revised)	Merge Accounting for Common Control Combinations[5]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 Effective date not yet determined
5 Effective for business combinations/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022
6 Effective for annual periods beginning on or after 1 June 2020
7 Effective for annual periods beginning on or after 1 April 2021

The directors of the Company (the "**Directors**")anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The adoption of these new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4.1 Sources of estimation uncertainty

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Estimated useful lives of property, plant and equipment (other than right-of-use assets)

The Group's carrying values of property, plant and equipment (other than right-of-use assets) as at 31 March 2021 was approximately HK$30,208,000 (2020: HK$21,798,000). The Group depreciates the property, plant and equipment (other than right-of-use assets) over the estimated useful lives, using the straight line method, at the rate of 15–25% per annum, commencing from the date the property, plant and equipment is available for use. The estimated useful life reflects the Directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment (other than right-of-use assets). The Group assesses annually the useful lives of property, plant and equipment (other than right-of-use assets) and if the expectation differs from the original estimate, such a difference may impact the depreciation for the year and the future period.

Estimated fair value

Certain of the Group's assets are measured at fair value for financial reporting purposes. The management would determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent which is available. Where Level 1 inputs are not available, the Group may engage third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

As at 31 March 2021, the Group's investment properties are stated at fair value of HK$360,673,000 (2020: HK$353,000,000) based on the valuations performed by independent qualified valuers. The best evidence of fair value is current prices in an active market for similar property in the same location and condition and subject to the same lease or other contracts. In the absence of such information, the valuers determine the fair values of investment properties with different valuation techniques which involves significant unobservable inputs, details of which are as set out in note 15. Favorable or unfavorable changes to these significant unobservable inputs would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

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

4.1 Sources of estimation uncertainty *(Continued)*

Impairment of property, plant and equipment (include right-of-use assets)

Items of property, plant and equipment (note 14) are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. This process requires management's estimate of future cash flows generated by each CGU. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statement of profit or loss and other comprehensive income. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. During the year ended 31 March 2021, impairment loss of HK$1,656,000 (2020: HK$Nil) was recognized on property, plant and equipment.

The Group has identified several CGUs to assess the impairment loss of property, plant and equipment based on recoverable amount of each CGU to which property, plant and equipment is allocated. The impairment loss provided for the year was derived from the corporate finance and other financing services.

The recoverable amounts of corporate finance and other financing services CGUs have been determined based on value in use calculations, which use cashflow forecast available as at 31 March 2021. Fair value less costs of disposal is not used as the management considered that it will not be possible to measure fair value less costs of disposal of the CGUs because there is no basis for making a reliable estimate of the price. These cashflow forecasts are derived from the approved business plan which has a one year forecast. The key assumptions used in the value in use calculations on the CGUs are as follows:

— The revenue growth rate assumptions are based on management estimates and expectations of current market conditions.

— The cash flow projections are discounted using a discount rate of 9.09%. The discount rates reflect the current market assessments of the time value of money and are based on the estimated cost of equity and cost of debt.

The discount rate is considered as the key unobservable input, an increase in the discount rate would decrease the recoverable value of the corresponding CGU. As at 31 March 2021, it is estimated that with all other variables held constant, an 1% increase/decrease in discount rate would not have impact on the recoverable amount of the CGUs.

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

4.1 Sources of estimation uncertainty *(Continued)*

Impairment of license right

In determining whether license right is impaired requires an estimation of the value in use of the CGUs to which license right has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2021, an impairment loss of HK$3,386,000 (2020: HK$3,386,000) has been recognized for license right. The carrying amount as at 31 March 2021 was HK$1,500,000 (2020: HK$Nil). Details of the impairment testing on license right are set out in note 16.

4.2 Critical judgements in applying the Group's accounting policies

ECL on financial assets and contract assets

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

As at 31 March 2021, the carrying amount of accounts receivable is approximately HK$26,844,000 (net of ECL allowance of approximately HK$5,947,000), the carrying amount of loan receivables is approximately HK$171,218,000 (net of ECL allowance of approximately HK$14,311,000, the carrying amount of contract assets is HK$950,000 (net of ECL allowance of HK$nil).

As at 31 March 2020, the carrying amount of accounts receivable is approximately HK$13,964,000 (net of ECL allowance of approximately HK$5,189,000), the carrying amount of loan receivables is approximately HK$197,194,000 (net of ECL allowance of approximately HK$15,899,000) and the carrying amount of promissory note receivable is approximately HK$250,000 (net of ECL allowance of HK$Nil).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

5. SEGMENT INFORMATION

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

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

— the mortgage financing segment provides corporate and personal financing that are secured by properties;

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

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

Segment revenue and results

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

For the year ended 31 March 2021

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenues:						
Revenue from external customers	25,001	21,566	–	442	–	47,009
Inter-segment revenue	335	–	–	–	(335)	–
	25,336	21,566	–	442	(335)	47,009
Segment results	(26,502)	13,858	(2,510)	274	–	(14,880)
Unallocated income						306
Unallocated expenses						(24,321)
Loss before taxation						(38,895)

5. SEGMENT INFORMATION *(CONTINUED)*

Segment revenue and results *(Continued)*

For the year ended 31 March 2020

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenues:						
Revenue from external customers	30,301	21,442	–	522	–	52,265
Inter-segment revenue	511	–	–	–	(511)	–
	30,812	21,442	–	522	(511)	52,265
Segment results	(16,124)	13,840	(15,281)	(4,020)	–	(21,585)
Unallocated income						231
Unallocated expenses						(42,667)
Loss before taxation						(64,021)

The accounting policies of the reportable segments described in note 2.22 are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of unallocated administrative expenses, unallocated sundry income, unallocated directors' remunerations, bank interest income and finance costs (other than interest on lease liabilities). This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Inter-segment revenue are charged at prevailing market rates.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

5. SEGMENT INFORMATION *(CONTINUED)*

Segment assets and liabilities

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

As at 31 March 2021

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Unallocated HK$'000	Total HK$'000
Segment assets	**149,132**	**137,937**	**389,300**	**23,405**	**125,755**	**825,529**
Segment liabilities	**134,562**	**24,119**	**144,172**	**24,035**	**28,320**	**355,208**

As at 31 March 2020

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Unallocated HK$'000	Total HK$'000
Segment assets	164,077	123,869	372,475	32,596	62,102	755,119
Segment liabilities	75,046	22,094	156,516	34	2,195	255,885

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

— all assets are allocated to reportable segments other than cash and cash equivalents, unallocated property, plant and equipment, and unallocated other receivables, deposits and prepayments; and

— all liabilities are allocated to reportable segments other than convertible bonds, unallocated lease liabilities, unallocated other payables and accruals and an unallocated loan.

5. SEGMENT INFORMATION *(CONTINUED)*

Other segment information

For the year ended 31 March 2021

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measurement of segment profit or loss or segment assets						
Change in fair value of investment property	–	–	(1,155)	–	–	(1,155)
Change in fair value of financial assets at FVTPL	–	–	–	(2,517)	218	(2,299)
Gain on disposal of financial assets at FVTPL	–	–	–	2,950	–	2,950
ECL recognized in respect of loan receivables	(4,639)	(3,450)	–	–	–	(8,089)
ECL recognized in respect of accounts receivable	(1,387)	–	–	–	–	(1,387)
ECL recognized in respect of other receivables	(3,733)	(113)	–	–	–	(3,846)
Reversal of ECL recognized in respect of loan receivables	2,664	4,513	–	–	–	7,177
Reversal of ECL recognized in respect of accounts receivable	629	–	–	–	–	629
Reversal of ECL recognized in respect of other receivables	–	390	–	–	–	390
Bad debt recovery for loan receivables	96	–	–	–	–	96
Impairment loss on right-of-use assets	(1,656)	–	–	–	–	(1,656)
Depreciation — owned assets	(795)	(26)	(192)	–	(161)	(1,174)
Depreciation — right-of-use assets	(5,022)	(277)	–	–	(1,304)	(6,603)
Loss on disposal of property, plant and equipment	(31)	–	–	–	(29)	(60)
Gain/(Loss) on exchange difference, net	357	–	(9)	–	7	355
Additions to non-current assets (note)	555	–	16,224	–	4,421	21,200
Amounts regularly provided to chief operating decision makers but not included in the measurement of segment profit or loss or segment assets:						
Bank interest income	–	–	–	–	151	151
Finance costs	(236)	(16)	–	–	(7,334)	(7,586)

Note: The amounts excluded the additions to loan receivables and financial asset at FVTPL.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

5. SEGMENT INFORMATION *(CONTINUED)*

Other segment information *(Continued)*

For the year ended 31 March 2020

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measurement of segment profit or loss or segment assets						
Change in fair value of investment properties	–	–	(13,959)	–	–	(13,959)
Change in fair value of financial assets at FVTPL	–	–	–	(2,714)	(1,477)	(4,191)
Loss on disposal of financial assets at FVTPL	–	–	–	(799)	–	(799)
ECL recognized in respect of loan receivables	(4,534)	–	–	–	–	(4,534)
ECL recognized in respect of accounts receivable	(499)	–	–	–	–	(499)
Reversal of ECL recognized in respect of loan receivables	784	726	–	–	–	1,510
Reversal of ECL recognized in respect of accounts receivable	4,549	–	–	–	–	4,549
Reversal of ECL recognized in respect of other receivables	–	39	–	–	–	39
Bad debt recovery for loan receivables	192	–	–	–	–	192
Depreciation — owned assets	(1,188)	(33)	(188)	–	(358)	(1,767)
Depreciation — right-of-use assets	(4,947)	–	–	–	(1,203)	(6,150)
Gain on disposal of subsidiaries	1,255	–	–	–	–	1,255
Gain/(loss) on exchange difference, net	414	–	11	–	(3)	422
Additions to non-current assets (note)	294	582	31,432	–	419	32,727
Amounts regularly provided to chief operating decision makers but not included in the measurement of segment profit or loss or segment assets:						
Bank interest income	–	–	–	–	200	200
Finance costs	(494)	–	–	–	(12,387)	(12,881)

Note: The amounts excluded the additions to loan receivables and financial asset at FVTPL.

Geographical information

The Group's operations are located in Hong Kong. All of the Group's non-current assets (excluding financial assets at FVTPL and loan receivables) are located in Hong Kong. In addition, all of the Group's revenue during the years ended 31 March 2021 and 2020 were derived from Hong Kong.

5. SEGMENT INFORMATION *(CONTINUED)*

Information about major customers

During the year ended 31 March 2021, no customer individually contributed over 10% of the Group's revenue (2020: Nil)

6. TURNOVER, REVENUE AND OTHER INCOME

Turnover represents the amounts received and receivable from trading of securities, fees and commission income from brokerage, corporate finance and assets management, interest income from mortgage, brokerage and other financing and dividend income. Details of the Group's turnover, revenue and other income are analysed as follows:

	2021 HK$'000	2020 HK$'000
Turnover and revenue		
Fees and commission income from brokerage, corporate finance and asset management	**15,637**	10,240
Interest income from brokerage and other financing	**9,364**	20,061
Interest income from mortgage financing	**21,566**	21,442
Dividend income	**442**	522
Revenue for the year	**47,009**	52,265
Proceeds from trading of securities	**166,247**	155,028
Turnover for the year	**213,256**	207,293
Other income		
Arrangement fee income	**–**	18,448
Bank interest income	**151**	200
Bad debt recovery from loan receivables	**96**	192
Insurance brokerage commission income	**141**	–
Consultancy fee income	**961**	508
Coordination fee income	**–**	1,006
Gain on exchange difference, net	**355**	422
Management fee income	**–**	120
Penalty interest income	**118**	272
Service fee income	**–**	587
Government subsidy to licensed corporation granted by SFC	**100**	–
Sundry income	**1,961**	1,539
	3,883	23,294

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

6. TURNOVER, REVENUE AND OTHER INCOME *(CONTINUED)*

Disaggregation of revenue from contracts with customers

The Group derives revenue recognized over time and at a point in time for its fees and commission income from brokerage and corporate finance as follows:

	2021 HK$'000	2020 HK$'000
Timing of revenue recognition		
— At a point in time	**10,645**	6,915
— Over time	**4,992**	3,325
	15,637	10,240

7. LOSS BEFORE TAXATION

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

	2021 HK$'000	2020 HK$'000
Staff costs (including Directors' emolument):		
— salaries, allowances and other benefits (note)	**35,788**	51,626
— retirement benefit scheme contributions	**1,253**	1,422
— share-based payment expenses	**–**	10,332
Auditor's remuneration	**830**	780
Bad debt written off	**28**	1,951
Depreciation of property, plant and equipment		
— owned assets	**1,174**	1,767
— right-of-use assets	**6,603**	6,150
Gain on exchange difference, net	**355**	422
Loss on disposal of property, plant and equipment	**60**	–
Impairment loss on right-of-use assets	**1,656**	–
Lease payment for rented premises		
— Short-term leases (2020: leases with remaining lease term shorter than 12 months as at initial application of HKFRS 16 on 1 April 2019 or leases with lease term shorter than 12 months from lease commencement date)	**225**	577
ECL recognized in respect of loan receivables	**8,089**	4,534
ECL recognized in respect of accounts receivable	**1,387**	499
ECL recognized in respect of other receivables	**3,846**	–

Note: For the year ended 31 March 2021, the Group has obtained the benefits of HK$4,478,000 from the Employment Support Scheme under the Anti-epidemic Fund launched by the Government of Hong Kong Special Administrative Region in respect of the outbreak of novel coronavirus (COVID-19) and were netted off from the salaries, allowances and other benefits.

8. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on:		
— secured bank loans	**4,404**	6,433
— bank overdraft	**1**	3
— promissory note payables	**1,773**	7,977
— other secured loans	**101**	1,247
— loans from brokers for IPO subscription	**1,512**	–
— lease liabilities	**292**	543
— bond payable	**147**	160
— convertible bonds	**1,342**	–
	9,572	16,363
Less: Loan interest capitalized	**(1,986)**	(3,482)
	7,586	12,881

9. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been provided in the consolidated financial statements for the year ended 31 March 2021 as the Company and its subsidiaries either has available losses brought forward from prior years to offset the assessable profits generated during the year or did not generate any assessable profits arising from Hong Kong during the year.

For the year ended 31 March 2020, Hong Kong profits tax was calculated at a flat rate of 16.5% based on the taxable profit for the year. A subsidiary of the Group is a qualifying corporation under the two-tiered profits tax rates regime.

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of assessable profits of the qualifying entity will be taxed at 8.25%, and the assessable profits above HK$2,000,000 will be taxed at 16.5%.

	2021 HK$'000	2020 HK$'000
Current tax		
Hong Kong profits tax		
— Current year	**–**	6
— Under provision in respect of prior year	**–**	10
	–	16

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

9. INCOME TAX EXPENSE *(CONTINUED)*

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

	2021 HK$'000	2020 HK$'000
Loss before taxation	**(38,895)**	(64,021)
Tax at applicable income tax rate	**(6,418)**	(10,563)
Tax effect of expenses not deductible for tax purpose	**2,091**	6,257
Tax effect of income not taxable for tax purpose	**(698)**	(436)
Tax effect of temporary differences not recognized	**(42)**	34
Tax effect of tax losses not recognized	**5,067**	6,738
Utilisation of tax loss previously not recognized	**–**	(2,024)
Under provision in respect of prior years	**–**	10
Income tax expense for the year	**–**	16

As at 31 March 2021, the Group has unused tax losses of approximately HK$467,543,000 (2020: HK$436,833,000) available for offset against future profits. No deferred tax asset has been recognized of such losses due to the unpredictability of future profit streams for certain subsidiaries. The tax losses are subject to the agreement from the Hong Kong Inland Revenue Department and may be carried forward indefinitely.

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

Year ended 31 March 2021	Fees HK$'000	Other emoluments Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Name of Director					
Executive Directors					
Cheung Hoo Win (Chief Executive Officer)	–	618	–	18	636
Ng Yiu Chuen	–	1,104	560	18	1,682
Mak Kit Ping	–	1,086	–	47	1,133
*Independent Non-Executive Directors ("**INEDs**")*					
Yeung Shun Kee	100	–	–	–	100
Li Hancheng (Non-executive Chairman)	150	–	–	–	150
Lo Tsz Fung Philip	150	–	–	–	150
	400	2,808	560	83	3,851

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(CONTINUED)*

Year ended 31 March 2020	Fees	Other emoluments			Total
		Salaries, allowances and other benefits	Discretionary bonus	Retirement benefit scheme contributions	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Name of Director					
Executive Directors					
Cheung Hoo Win (Chief Executive Officer)	–	618	52	18	688
Ng Yiu Chuen	–	1,104	293	18	1,415
Mak Kit Ping	–	1,086	353	47	1,486
Zhang Yuyan (note a)	–	150	38	–	188
Chen Lili (note a)	–	120	–	–	120
Independent Non-Executive Directors					
Zhao Qingji (Chairman) (note a)	200	–	–	–	200
Yeung Shun Kee	100	–	–	–	100
Li Hancheng (note b)	100	–	–	–	100
Lo Tsz Fung Philip	150	–	–	–	150
Lee Kwok Yin Denthur (note a)	100	–	–	–	100
	650	3,078	736	83	4,547

No emoluments were paid by the Group to any Directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2020: Nil).

There were no arrangements under which a Director waived or agreed to waive any remuneration during the year (2020: Nil).

Notes:

(a) Resigned on 31 March 2020.

(b) Appointed as the non-executive chairman of the Company on 31 March 2020.

11. FIVE HIGHEST PAID INDIVIDUALS

During the year ended 31 March 2021, one (2020: one) Director was the five highest paid individuals, whose emoluments have been included in note 10 above. The emoluments of the remaining four (2020: four) individuals for the year ended 31 March 2021 were as follows:

	2021 HK$'000	2020 HK$'000
Salaries, allowances and other benefits	**9,677**	12,855
Retirement benefit scheme contributions	**72**	72
Share-based payment expenses	**–**	13
	9,749	12,940

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2020: Nil).

The emoluments fall within the following bands:

	Number of employees	
	2021	2020
Emolument bands:		
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**2**	1
HK$2,000,001 to HK$2,500,000	**–**	–
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**–**	–
HK$3,500,001 to HK$4,000,000	**–**	–
HK$4,000,001 to HK$4,500,000	**–**	–
HK$4,500,001 to HK$5,000,000	**1**	1
HK$5,000,001 to HK$5,500,000	**–**	1
	4	4

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

12. DIVIDENDS

	2021 HK$'000	2020 HK$'000
Dividends recognized as distribution during the year:		
2019 final dividend — HK0.125 cents (before share consolidation) per share with a scrip alternative	–	6,709
2020 interim dividend — HK0.725 cents per share with a scrip alternative	**5,030**	–
	5,030	6,709

13. LOSS PER SHARE

The calculation of basic loss per share was based on the loss for the year attributable to the owners of the Company of HK$38,895,000 (2020: HK$66,661,000) and the weighted average number of 662,615,885 ordinary shares (2020: 555,688,677 (restated) ordinary shares) in issue during the year ended 31 March 2021.

The weighted average number of ordinary shares in issue has taken into account of the effect of share consolidation (note 31) on the basis that every ten ordinary shares of HK$0.01 each in the capital of the Company would be consolidated into one ordinary share of HK$0.1 each as if the consolidation had occurred at 1 April 2019, the beginning of the earliest period reported. For more details of the share consolidation, please refer to the announcement of the Company dated 28 July 2020.

Diluted loss per share for the years ended 31 March 2021 and 2020 were the same as the basic loss per share. The computation of diluted loss per share has not assumed the exercise or conversion of the Company's outstanding warrants (note 31) or convertible bonds (note 30) since the exercise or conversion would result in a decrease in loss per share. Also, it has not assumed the exercise of share options (note 32), since the exercise price for the share options was higher than the average market price of the shares in issue.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Premises held under leases HK$'000	Total HK$'000
Cost					
At 1 April 2020	**21,536**	**9,605**	**3,013**	**14,406**	**48,560**
Addition	**9,383**	**133**	**699**	**2,643**	**12,858**
Disposal/written-off	**–**	**(1,565)**	**(836)**	**–**	**(2,401)**
Termination of lease	**–**	**–**	**–**	**(1,657)**	**(1,657)**
At 31 March 2021	**30,919**	**8,173**	**2,876**	**15,392**	**57,360**
Accumulated depreciation and impairment					
At 1 April 2020	**1,658**	**8,304**	**2,394**	**5,742**	**18,098**
Charge for the year	**505**	**542**	**127**	**6,603**	**7,777**
Disposal/written-off	**–**	**(1,534)**	**(236)**	**–**	**(1,770)**
Termination of lease	**–**	**–**	**–**	**(1,657)**	**(1,657)**
Impairment loss recognized	**–**	**–**	**–**	**1,656**	**1,656**
At 31 March 2021	**2,163**	**7,312**	**2,285**	**12,344**	**24,104**
Net book value					
At 31 March 2021	**28,756**	**861**	**591**	**3,048**	**33,256**
Cost					
At 1 April 2019	6,660	9,305	3,013	16,607	35,585
Additions	15,755	332	–	963	17,050
Written-off	(879)	(32)	–	–	(911)
Early termination of lease	–	–	–	(3,164)	(3,164)
At 31 March 2020	21,536	9,605	3,013	14,406	48,560
Accumulated depreciation					
At 1 April 2019	2,032	7,393	2,075	–	11,500
Charge for the year	505	943	319	6,150	7,917
Written back upon written-off	(879)	(32)	–	–	(911)
Early termination of lease	–	–	–	(408)	(408)
At 31 March 2020	1,658	8,304	2,394	5,742	18,098
Net book value					
At 31 March 2020	19,878	1,301	619	8,664	30,462

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

14. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

As at 31 March 2021, the leasehold improvements in respect of renovation work in progress for the Group's investment property under construction were approximately HK$28,327,000 (2020: HK$18,945,000).

As at 31 March 2021, premises held under leases represented the Group's right-of-use assets in relation to office premises. The details in relation to additions to right-of-use assets during the years ended 31 March 2021 and 2020 are set out in note 28.

At 31 March 2021, the recoverable amounts of the Group's property, plant and equipment, attributable to corporate finance CGU and other financing services CGU has been determined based on a value in use estimation. The value in use estimation adopted the discounted cash flow method, net of future cash outflow using a discount rate of weighted average cost of capital. When actual cash flow differs materially from the estimated cash flow, adjustments have been made to the estimated value in use. Detail of key assumption and sensitivity analysis were disclosed in note 4.1.

As the corporate finance CGU and other financing services CGU estimated a cash outflows during the forecast period, the recoverable amounts of the corporate finance CGU and other financing services CGU were HK$Nil and HK$Nil respectively. The management estimated the recoverable amounts and recognized relevant impairment loss as a result of the general economic uncertainty caused by COVID-19. The overall recoverable amounts are sensitive to all assumptions. Management considers the range of reasonably possible alternative assumptions is the greatest for value in use and that there is an interrelationship between these inputs.

15. INVESTMENT PROPERTIES

	2021 HK$'000	2020 HK$'000
At 1 April	**353,000**	347,800
Additional expenditures capitalized	**6,842**	15,677
Finance costs capitalized (note 8)	**1,986**	3,482
Changes in fair value recognized in profit or loss	**(1,155)**	(13,959)
At 31 March	**360,673**	353,000
Represents:		
Investment properties		
— Under construction	**319,673**	312,000
— In use	**41,000**	41,000
	360,673	353,000

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

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

At the end of the reporting period, the Group's investment properties of approximately HK$360,673,000 (2020: HK$353,000,000) have been pledged to secure the loans granted to the Group (note 27).

The fair value of the investment property in use as at 31 March 2021 was revalued by Jones Lang LaSalle Limited (2020: Vigers Appraisal & Consulting Limited), the independent qualified valuers who have the recent experience in the location and category of property being valued, which was based on the direct comparison approach, assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market while appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property (the "**Price Adjustment**").

The fair value of the investment property under construction as at 31 March 2021 and 2020 was revalued by Jones Lang LaSalle Limited by using the residual approach with reference to estimated sales prices of similar completed property allowing for the outstanding development cost, primarily construction cost to complete. The estimated sales prices were determined based on the direct comparison approach by making reference to comparable sales transactions as available in the relevant market with appropriate Price Adjustment.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

15. INVESTMENT PROPERTIES *(CONTINUED)*

The information about the use of significant unobservable inputs is listed below:

	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment property under construction	Price Adjustment	(6.2%) (2020: (15.8%))	The higher the Price Adjustment, the higher the fair value.
	Developer's profit	7.5% (2020: 9%)	The higher the developer's profit, the lower the fair value.
Investment property in use	Price Adjustment	0.55% to (11.31%) (2020: 1.00% to (11.30%))	The higher the Price Adjustment, the higher the fair value.

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

There were no changes to the valuation techniques during the years ended 31 March 2021 and 2020.

16. INTANGIBLE ASSETS

	2021 HK$'000	2020 HK$'000
Cost at 1 April	**3,386**	3,386
Acquisition (note b)	**1,500**	–
Less: Impairment loss (note a)	**(3,386)**	(3,386)
At 31 March	**1,500**	–

Note a: The intangible asset represents a license right acquired as part of a business combination of Ever-Long Capital Management Limited. The license carries a right to conduct asset management business in Hong Kong, and has no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the license right is considered by the management of the Group as having an indefinite useful life and is not amortised. It is tested for impairment annually and whenever there is an indication that it may be impaired. The license right was fully impaired as at 31 March 2020 and 2021.

Note b: During the year, the Group acquired a license right through acquisition of Choice Insurance Broker Limited ("**Choice Insurance**") (note 37). The license carries a right to conduct insurance brokerage business in Hong Kong, and has no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the license right is considered by the management of the Group as having an indefinite useful life and is not amortised. It is tested for impairment annually and whenever there is an indication that it may be impaired.

As at 31 March 2021, the recoverable amount of the CGU arising from Choice Insurance is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a 5-year period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

17. LOAN RECEIVABLES

	2021 HK$'000	2020 HK$'000
Securities dealing and brokerage services		
— Secured margin loans	**30,010**	24,452
Less: ECL allowance	**(1,717)**	(3,066)
	28,293	21,386
Financing business		
— Secured mortgage loans	**137,767**	126,677
— Secured loans	**2,923**	44,553
— Unsecured loans	**14,829**	17,411
Less: ECL allowance	**(12,594)**	(12,833)
	142,925	175,808
	171,218	197,194
The Group's loan receivables (net of ECL allowance) are analysed into:		
— Non-current assets	**34,201**	48,254
— Current assets	**137,017**	148,940
	171,218	197,194

Securities dealing and brokerage services:

Loan receivables under secured margin loans of approximately HK$30,010,000 (2020: HK$24,452,000) are repayable on demand and bear interests at interest rates with reference to prime rate plus a spread for both years.

The amount of credit facilities granted to clients is determined by reference to the market value of the collateral securities held by the Group. As at 31 March 2021, the total market value of securities pledged as collateral in respect of the loans to clients was approximately HK$135,670,000 (2020: HK$64,878,000).

No aging analysis in relation to securities dealing and brokerage services is disclosed as, in the opinion of the Directors, an aging analysis does not give additional value in view of the nature of the business of securities dealing and brokerage services.

17. LOAN RECEIVABLES *(CONTINUED)*

Financing business:

Loan receivables bear interests at interest rates with reference to commercial rates. Loan receivables which would be received over one year were classified as non-current receivables. As at 31 March 2021, the total market value of properties pledged as collateral in respect of the mortgage loans was approximately HK$336,793,000 (2020: HK$329,401,000).

As at 31 March 2021, the secured loans were secured by the borrower's securities accounts with market value of approximately HK$219,000 (2020: HK$19,258,000) as collateral.

The aging analysis of the Group's loan receivables for the financing business (net of ECL allowance), based on the loan release dates at the end of the reporting period, is as follows:

	2021 **HK$'000**	2020 HK$'000
Within 6 months	**68,967**	99,096
Over 6 months but not more than 1 year	**55,224**	36,690
Over 1 year	**18,734**	40,022
	142,925	175,808

The aging analysis for the carrying amount of loan receivables in financing business (net of ECL allowances), based on contractual maturity dates, is as follows:

	2021 **HK$'000**	2020 HK$'000
On demand or within 1 year	**108,724**	127,554
In more than 1 year but not more than 5 years	**9,853**	11,879
Over 5 years	**24,348**	36,375
	142,925	175,808

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

17. LOAN RECEIVABLES *(CONTINUED)*

Financing business: *(Continued)*

The movement in the ECL allowance of loan receivables is as follows:

	Financing business		Margin clients		Total	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
At 1 April	**12,833**	10,312	**3,066**	15,302	**15,899**	25,614
ECL recognized for the year	**7,799**	3,923	**290**	611	**8,089**	4,534
Reversal of ECL recognized for the year	**(5,538)**	(735)	**(1,639)**	(775)	**(7,177)**	(1,510)
Written-off	**(2,500)**	(667)	**–**	(12,072)	**(2,500)**	(12,739)
At 31 March	**12,594**	12,833	**1,717**	3,066	**14,311**	15,899

18. ACCOUNTS RECEIVABLE

	2021 HK$'000	2020 HK$'000
Accounts receivable	**32,791**	19,153
Less: ECL allowance	**(5,947)**	(5,189)
	26,844	13,964

	2021 HK$'000	2020 HK$'000
Balance relating to:		
— Securities and futures dealing and brokerage services	**26,459**	12,514
— Others	**385**	1,450
	26,844	13,964

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

18. ACCOUNTS RECEIVABLE *(CONTINUED)*

An aging analysis of the Group's accounts receivable, net of ECL allowance, based on the trade date at the end of the reporting period is as follows:

	2021 **HK$'000**	2020 HK$'000
Within 6 months	**26,596**	11,667
Over 6 months but not more than 1 year	**185**	795
Over 1 year	**63**	1,502
	26,844	13,964

As at 31 March 2021, the Group held listed securities in client accounts with market value of approximately HK$101,328,000 (2020: HK$55,481,000) as collateral over secured balances of HK$15,012,000 (2020: HK$10,434,000).

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

The movement in the ECL allowance of accounts receivable is as follows:

	2021 **HK$'000**	2020 HK$'000
At 1 April	**5,189**	9,239
ECL recognized for the year	**1,387**	499
Reversal of ECL recognized for the year	**(629)**	(4,549)
At 31 March	**5,947**	5,189

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

19. PROMISSORY NOTE RECEIVABLE

	2021 HK$'000	2020 HK$'000
Promissory note receivable	–	250

As at 31 March 2020, the promissory note receivable bore interest at the rate of 8% per annum and was repayable within one year. The promissory note receivable was received during the year ended 31 March 2021.

20. CONTRACT ASSETS/CONTRACT LIABILITIES

	2021 HK$'000	2020 HK$'000
Contract assets arising from:		
Corporate finance services	**950**	–
Contract liabilities arising from:		
Corporate finance services	**1,000**	2,125

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

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

Contract liabilities outstanding at the beginning of the year amounting to HK$2,125,000 (at 1 April 2019: HK$141,000) have been recognized as revenue during the year.

The Group's unsatisfied (or partially unsatisfied) performance obligation represents sponsor services which are billed based on time incurred. As permitted under HKFRS15, the transaction price allocated to these unsatisfied contracts is not disclosed.

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 HK$'000	2020 HK$'000
Deposits	**4,472**	6,203
Prepayments	**1,618**	1,650
Interest receivables	**6,068**	2,123
Other receivables	**4,133**	2,235
	16,291	12,211
Less: ECL allowance	**(4,119)**	(1,043)
	12,172	11,168

The movement in the ECL allowance of other receivables and deposits is as follows:

	2021 HK$'000	2020 HK$'000
At 1 April	**1,043**	1,164
ECL recognized for the year	**3,846**	–
Written-off	**(380)**	(82)
Reversal	**(390)**	(39)
At 31 March	**4,119**	1,043

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

22. FINANCIAL ASSETS AT FVTPL

	2021 HK$'000	2020 HK$'000
Non-current assets:		
Investment in a life insurance policy (note a)	**6,497**	6,323
Current assets:		
Securities held-for-trading:		
— Listed equity securities — Hong Kong (note b)	**23,405**	32,596
	29,902	38,919

Note a: The Group entered into a life insurance policy with an insurance company to insure Mr. Cheung Hoo Win, the Chief Executive Officer of the Company during the year ended 31 March 2020.

The total sum insured is approximately US$3,876,000 (equivalent to approximately HK$30,233,000) ("**Sum Assured**"). The Group is the policy holder and the beneficiary of the policy. The Group has paid an one-off premium of US$1,000,000 (equivalent to approximately HK$7,800,000). The Group can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of termination. The cash value is determined by the premium paid plus accumulated interest earned minus the accumulated insurance policy charges and any applicable surrender charge ("**Cash Value**").

In addition, if the termination and withdrawal of the policy are made between the 1st to 15th policy years, there is a specified amount of surrender charge. The surrender charge in full or partial termination would be calculated based on the number of years the policy has been in force and charged at the range from 0.23% to 3.28% of Sum Assured. The insurance company will pay the Group an interest on the outstanding Cash Value of the policy at the prevailing interest rate fixed by the insurance company and a minimum interest of 2% per annum is guaranteed by the insurance company.

The investment in a life insurance policy is denominated in United States dollars ("**USD**") and the fair value is determined with reference to the Cash Value as provided by the insurance company. The entire balance of investment in a life insurance policy have been pledged to a bank as security for the banking facilities granted to the Group (note 27).

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

As at 31 March 2020, listed equity securities of HK$5,125,000 have been pledged to a bank as security for the banking facilities granted to the Group.

23. CLIENT TRUST FUNDS

The Group maintains segregated trust accounts with authorized financial institutions to hold clients' monies arising from its securities brokerage and margin financing business. The Group has classified the clients' monies as client trust funds under current assets on the consolidated statement of financial position and recognized the corresponding accounts payable to respective clients on the basis that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by Securities and Futures (Client Money) Rule under the Securities and Futures Ordinance. The Group is restricted to use the clients' monies to settle its own obligations.

As at 31 March 2021 and 2020, client trust funds are interest-bearing at bank deposit savings rate.

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

	2021 **HK$'000**	2020 HK$'000
USD	**7,726**	4,253
Renminbi ("**RMB**")	**103**	61
New Taiwanese dollar ("**NTD**")	**7,486**	78

24. CASH AND CASH EQUIVALENTS

	2021 **HK$'000**	2020 HK$'000
Cash at bank	**114,520**	53,268
Cash in hand	**94**	40
	114,614	53,308

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

24. CASH AND CASH EQUIVALENTS *(CONTINUED)*

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

	2021 HK$'000	2020 HK$'000
RMB	**3,100**	2,234
NTD	**4,502**	210
USD	**5,537**	940

25. ACCOUNTS PAYABLE

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

As at 31 March 2021 and 2020, accounts payable are interest-bearing at the bank deposit savings rate per annum.

As at 31 March 2021 and 2020, the Group's accounts payable that are not denominated in the functional currency of the respective group entities are as follows:

	2021 HK$'000	2020 HK$'000
USD	**16,161**	4,499
NTD	**11,024**	1,124
RMB	**141**	82
Great British Pound	**1**	–

26. PROMISSORY NOTE PAYABLES

The Group has obtained additional working capital by issuing promissory notes. As at 31 March 2021, the promissory notes bore interest at 4% to 8% (2020: 8%) per annum and were repayable within one year.

27. LOANS

	2021 HK$'000	2020 HK$'000
Loans comprise:		
— secured bank loans (note a)	**172,555**	151,190
— other secured loans (note b)	–	5,000
	172,555	156,190

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

Notes:

(a) As at 31 March 2021, bank loans amounted HK$154,850,000 (2020: HK$132,530,000) were interest bearing at 1.9% per annum over Hong Kong Interbank Offered Rate ("**HIBOR**"), and were secured by:

— an investment property (note 15) of the Group with a carrying value of HK$319,673,000 (2020: HK$312,000,000);

— rental proceeds in respect of the investment property; and

— corporate guarantee from the Company.

As at 31 March 2021, the bank loan of HK$4,865,000 (2020: HK$5,007,000) is interest bearing at 1% per annum over London Interbank Offered Rate, and is secured by an investment in a life insurance policy (note 22) of the Group with a carrying value of HK$6,497,000 (2020: HK$6,323,000);

As at 31 March 2021, the bank loan of HK$12,840,000 (2020: HK$13,653,000) is interest bearing at floating rate of 2.75% per annum below Hong Kong Dollar Best Lending Rate (2020: 2.75% per annum below Hong Kong Dollar Best Lending Rate) as determined by the bank and secured by an investment property (note 15) of the Group with a carrying value of HK$41,000,000 (2020: HK$41,000,000) and the Company's corporate guarantee.

(b) As at 31 March 2020, other secured loans are interest-bearing at 10% per annum and secured by sub-charges/sub-mortgages on the first legal charges/mortgages of properties charged/mortgaged to the loan receivables of the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

28. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2021 HK$'000	2020 HK$'000
Total minimum lease payments:		
— within one year	**4,477**	5,888
— after one year but within two years	**440**	3,256
	4,917	9,144
Less: future finance charges	**(77)**	(309)
Present value of lease liabilities	**4,840**	8,835
Present value of lease liabilities:		
— within one year	**4,403**	5,627
— after one year but within two years	**437**	3,208
	4,840	8,835
Less: Portion due within one year included under current liabilities	**(4,403)**	(5,627)
Portion due after one year included under non-current liabilities	**437**	3,208

During the year ended 31 March 2021, the total cash outflows for the leases amounted to HK$6,895,000 (2020: HK$7,073,000).

As at 31 March 2021, lease liabilities amounting to HK$4,840,000 (2020: HK$8,835,000) are effectively secured by the related underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Group.

As at 31 March 2021, the Group had 5 leases (2020: 5) for offices with remaining lease term of 0.4 to 1.7 years (2020: 1.5 to 2 years). These leases do not contain option to renew the lease and are subjected to monthly fixed rental payment.

29. BOND PAYABLE

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

30. CONVERTIBLE BONDS

	Liability component HK$'000	Equity component HK$'000	Total HK$'000
At 1 April 2020	–	–	–
Issuance of convertible bonds	20,567	2,433	23,000
Interest at effective interest rate (note 8)	1,342	–	1,342
Interest paid	(696)	–	(696)
At 31 March 2021	**21,213**	**2,433**	**23,646**

On 16 July 2020, the Company entered into a conditional agreement to place up to HK$23,000,000 convertible bonds (the "**Placement**"). The Placement was completed on 10 August 2020 (the "**Issue Date**").

The coupon rate for the convertible bonds is 6% per annum. The maturity date is the third anniversary of the Issue Date, and the conversion period will commence from the thirty months after the Issue Date up to the maturity date. The convertible bonds were initially convertible into 1,045,454,545 ordinary shares at the conversion price of HK$0.022 and subsequently adjusted to 104,545,454 shares at the conversion price of HK$0.22 upon the completion of Share Consolidation (as defined in note 31). The Company may at any time before the maturity date with mutual written consent with the relevant holder to redeem the outstanding bond (in whole or in part) at 100 percent to the principal amount of the bond to be redeemed with the outstanding interest accrued thereon up to and including the date of early redemption. For more details of the Placement, please refer to the announcement of the Company dated 16 July 2020 and the supplemental announcement dated 21 July 2020.

The initial fair values of the liability component and the equity component of the convertible bonds, based on proceeds, were determined at issuance of the bonds. On initial recognition, the fair value of the liability component, included in the convertible bonds, was calculated using a market interest rate of 10.44% for an equivalent non-convertible bond. The residual amount, representing the value of the equity component, is included in equity as convertible bonds reserve.

The initial fair value measurement of the liability component is classified in level 3. The fair value of the liability component is estimated as being the present value of future cash flows, discounted at the market interest rate for equivalent non-convertible bonds as at 31 March 2021, adjusted for the Group's own risk premium.

No convertible bonds were converted to ordinary shares of the Company during the year ended 31 March 2021 or subsequent to 31 March 2021 and up to the date of this report.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

31. SHARE CAPITAL

	Number of shares		Amount	
	2021	2020	**2021** HK$'000	2020 HK$'000
Authorized:				
Ordinary shares				
At 1 April (of HK$0.01 each)	**200,000,000,000**	200,000,000,000	**2,000,000**	2,000,000
Share consolidation (note c)	**(180,000,000,000)**	–	**–**	–
At 31 March 2021 (of HK$0.1 each) (2020: of HK$0.01 each)	**20,000,000,000**	200,000,000,000	**2,000,000**	2,000,000
Issued and fully paid:				
At 1 April	**5,912,468,824**	5,095,063,649	**59,125**	50,951
Shares issued in respect of warrants (notes a & b)	**482,337,285**	774,444,756	**4,823**	7,744
	6,394,806,109	5,869,508,405	**63,948**	58,695
Share consolidation (note c)	**(5,755,325,499)**	–	**–**	–
	639,480,610	5,869,508,405	**63,948**	58,695
Shares issued in respect of warrants (notes b & e)	**61,329,883**	–	**6,133**	–
Shares issued in respect of scrip dividends (note d)	**1,081,095**	42,960,419	**108**	430
At 31 March	**701,891,588**	5,912,468,824	**70,189**	59,125

31. SHARE CAPITAL *(CONTINUED)*

Note:

(a) Shares issued in respect of warrants — 2018

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

During the period from 1 April 2019 to 5 November 2019, 742,457,811 units of warrants under the Bonus Issue of Warrants — 2018 had been exercised by the holders thereof. As a result, 742,457,811 shares were issued and allotted by the Company to the holders of such warrants. The 742,457,811 shares issued rank pari passu in all respects with the then existing Shares. As at 5 November 2019, 97,837,038 units of warrants were not yet exercised and had lapsed accordingly.

(b) Shares issued in respect of warrants — 2019

On 29 July 2019, the Board proposed a new issue of bonus warrants to the shareholders of the Company on the basis of 1 warrant for every 5 shares (the "**Bonus Issue of Warrants — 2019**"). For details of the Bonus Issue of Warrants — 2019, please refer to the announcement of the Company dated 29 July 2019. On 3 September 2019, the shareholders approved the Bonus Issue of Warrants — 2019, pursuant to which 1,176,096,375 warrants were issued. The initial subscription price was HK$0.01 per share, and the exercise period is from 18 November 2019 to 17 November 2020 (both days inclusive).

During the period from 18 November 2019 to 31 March 2020, 31,986,945 units of warrants under the Bonus Issue of Warrants — 2019 had been exercised by the holders thereof. As a result, 31,986,945 shares were issued and allotted by the Company to the holders of such warrants. The 31,986,945 shares issued rank pari passu in all respects with the then existing Shares. As at 31 March 2020, 1,144,109,430 units of warrants remained outstanding.

During the period from 1 April 2020 to 27 September 2020, 482,337,285 units of warrants under the Bonus Issue of Warrants — 2019 had been exercised by the holders thereof. As a result, 482,337,285 shares were issued and allotted by the Company to the holders of such warrants. The 482,337,285 shares issued rank pari passu in all respects with the then existing Shares.

As a result of the share consolidation as mentioned below, the subscription price of the Bonus Issue of Warrants — 2019 has been adjusted from HK$0.01 per share to HK$0.10 per share, and the number of outstanding Bonus Issue of Warrants — 2019 has been adjusted from 661,772,145 units to 66,177,214 units.

During the period from 28 September 2020 to 17 November 2020, 54,426,385 units of warrants under the Bonus Issue of Warrants — 2019 had been exercised by the holders thereof. As a result, 54,426,385 shares were issued and allotted by the Company to the holders of such warrants. The 54,426,385 shares issued rank pari passu in all respects with the then existing shares. As at 17 November 2020, 11,750,816 units of warrants were not yet exercised and had lapsed accordingly.

(c) Share consolidation

On 28 July 2020, the Board proposed that every ten ordinary shares of HK$0.01 each in the capital of the Company would be consolidated into one ordinary share of HK$0.1 each (the "**Share Consolidation**"). For more details of the Share Consolidation, please refer to the announcement of the Company dated 28 July 2020. The Share Consolidation was approved by the shareholders on 24 September 2020, and became effective on 28 September 2020. Accordingly, the total number of issued capital was consolidated from 6,394,806,109 into 639,480,610.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

31. SHARE CAPITAL *(CONTINUED)*

Note: (Continued)

(d) Shares issued in respect of scrip dividends

On 30 October 2019, the Company issued and allotted 42,960,419 shares at an issue price of HK$0.043 per share in respect of the 2019 final dividend, the 42,960,419 shares issued rank pari passu in all respects with the then existing Shares. As a result, during the year ended 31 March 2020, the Company's share capital and share premium were increased by approximately HK$430,000 and HK$1,418,000 respectively.

On 28 January 2021, the Company issued and allotted 1,081,095 shares at an issue price of HK$0.3204 per share in respect of the 2020 interim dividend, the 1,081,095 shares issued rank pari passu in all respects with the then existing Shares. As a result, during the year ended 31 March 2021, the Company's share capital and share premium were increased by approximately HK$108,000 and HK$238,000 respectively.

(e) Shares issued in respect of warrants — 2021

On 23 December 2020, the Board proposed a new issue of bonus warrants to the shareholders of the Company on the basis of 1 warrant for every 5 shares (the "**Bonus Issue of Warrants — 2021**"). For details of the Bonus Issue of Warrants — 2021, please refer to the announcement of the Company dated 23 December 2020. On 26 January 2021, the shareholders approved the Bonus Issue of Warrants — 2021, pursuant to which 138,997,618 warrants were issued. The initial subscription price was HK$0.285 per share, and the exercise period is from 17 February 2021 to 16 February 2022 (both days inclusive).

During the period from 17 February 2021 to 31 March 2021, 6,903,498 units of warrants under the Bonus Issue of Warrants — 2021 had been exercised by the holders thereof. As a result, 6,903,498 shares were issued and allotted by the Company to the holders of such warrants. The 6,903,498 shares issued rank pari passu in all respects with the then existing Shares. As at 31 March 2021, 132,094,120 units of warrants remained outstanding.

32. SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 21 September 2012 and refreshed on 15 September 2017 and 24 September 2020 (the "**Share Option Scheme**").

On 16 May 2019, the Company granted share options (the "**Share Options**") to certain employees and a consultant of the Group (the "**Grantees**") under the Share Option Scheme. The Share Options were vested immediately upon the date of grant and then exercisable within a period of three years. Each option gives the holder the right to subscribe for one ordinary share in the Company. The share option was initially exercised at exercise price of HK$0.083 and subsequently adjusted to HK$0.83 upon the completion of Share Consolidation (note 31). At 31 March 2021, the exercise price of the outstanding option is HK$0.83 (2020:HK$0.083) and the remaining contractual life is 1.1 years (2020: 2.1 years).

All share-based compensation will be settled in equity when they are exercised. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares. Payment of HK$1.00 was made by each of the Grantees upon acceptance of the Share Options. The Share Options carry neither rights to dividends nor voting rights.

32. SHARE OPTION SCHEME *(CONTINUED)*

The movement of the Share Options for the year ended 31 March 2021 are as follows:

	For the year ended 31 March 2021 Number '000	For the year ended 31 March 2020 Number '000
Outstanding at beginning of the year	**453,350**	–
Granted	**–**	455,000
Lapsed before the Share Consolidation	**(96,900)**	(1,650)
	356,450	453,350
Share consolidation	**(320,805)**	–
Lapsed after the Share Consolidation	**(70)**	–
Outstanding at end of the year	**35,575**	453,350
Exercisable at end of the year	**35,575**	453,350

The fair value of Share Options was determined using the Binomial Options Pricing Model that takes into account factors specific to the share incentive plans. The following principal assumptions were used in the valuation:

	At date of grant
Share price at date of grant (before share consolidation)	**HK$0.083**
Expected volatility	**53%–68%**
Expected option life	**0.9–3 years**
Dividend yield	**1.7%**
Risk-free interest rate	**1.65%–1.8%**
Exercise price at date of grant (before share consolidation)	**HK$0.083**

The underlying expected volatility was determined by reference to historical data, calculated based on expected life of Share Options. Expectations of early exercise were incorporated into the Binomial Options Pricing Model. No special features pertinent to the options granted were incorporated into measurement of fair value.

In total, HK$11,300,000 of share-based payment expenses has been recognized in profit or loss for the year ended 31 March 2020 and the corresponding amount of which has been credited to share option reserve. No liabilities were recognized for the share-based payment transaction.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

33. RESERVES

(a) Special capital reserve

Special capital reserve represents the amounts transferred from the Company's share capital upon adjustments of the nominal value of the Company's shares in prior years. Under the Companies Act 1981 of Bermuda (the "**Act**"), the special capital reserve is distributable to shareholders under certain circumstances.

(b) Contributed surplus

The contributed surplus represents the difference between the fair value of the subsidiaries acquired pursuant to the Group reorganisation in November 1991 and the nominal value of the shares issued by the Company and the transfer from share premium account in December 2000, less the transfer to the capital redemption reserve in November 2000, and the shares repurchased in April 2013. Under the Act, the Company's contributed surplus is distributable to shareholders under certain circumstances, and the dividend paid was recognized as distribution.

34. OPERATING LEASE COMMITMENTS

The Group as lessee

At the reporting date, the lease commitments for a short-term lease of premises are as follows:

	2021 HK$'000	2020 HK$'000
Within one year	**186**	126

35. RETIREMENT BENEFITS SCHEMES

The Group has arranged for its Hong Kong employees to join the MPF Scheme, a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, both the Group and its Hong Kong employees are required to make monthly contributions to the scheme at 5% of the employees' salaries and subject to a cap which may be revised from time to time.

Under the Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment for certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

During the year ended 31 March 2021, the aggregate amount of the Group's contributions to the defined contribution scheme was approximately HK$1,253,000 (2020: HK$1,422,000).

36. RELATED PARTY TRANSACTIONS

During the years ended 31 March 2021 and 2020, the Group had the following related party transactions or continuing related party transactions, certain of which fall under the definition of connected transactions or continuing connected transactions in Chapter 14A of the Listing Rules, but are exempted from the reporting, announcement, shareholders' approval and annual review requirements under the Listing Rules.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

36. RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

	2021 HK$'000	2020 HK$'000
Short-term benefits	**3,768**	4,464
Post-employment benefits	**83**	83
	3,851	4,547

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

(b) Material transactions with its related parties:

	2021 HK$'000	2020 HK$'000
Consultancy fee received from Mr. Cheung Chi Shing (note (i))	**200**	–
Commission received from Mr. Cheung Chi Shing (note (i))	**286**	1
Commission received from Mr. Cheung Hoo Win (note (i))	**17**	–
Commission received from Mr. Choy Shuen Yan Andy (note (ii))	**18**	9
Consultancy fee paid to Mr. Ng Yiu Chuen ("**Mr. Ng**") (note (iii))	**–**	120
Fees paid to Mr. Ng (note (iii))	**145**	137
Fees paid to Mr. Woo Peter Ping ("**Mr. Woo**") (note (iv))	**–**	100
Interest paid to Mr. Cheung Chi Shing (note (i))	**–**	252
Interest paid to Elfie Limited (note (v))	**23**	87
Interest paid to Ms. Cheung Lok Chi ("**Ms. Cheung**") (note (v))	**–**	27
Interest paid to Ms. Ng Kai Ning (note (vi))	**228**	162
Interest paid to Ms. Ng Mei Hang (note (vi))	**70**	–
Interest paid to Ms. Ng Pui Yee (note (vii))	**194**	–
Interest paid to Ms. Cheng Chui Shan Phyllis ("**Ms. Cheng**") (note (viii))	**146**	178
Interest paid to Ms. Inez Lee ("**Ms. Lee**") (note (ix))	**–**	117
Interest income received from Mr. Lau Bing Lam ("**Mr. Lau**") (note (x))	**–**	28
Interest income received from Ms. Mak Kit Ping (note (xi))	**4**	22

36. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(b) Material transactions with its related parties: *(Continued)*

Note:

(i) Mr. Cheung Chi Shing is the father of Mr. Cheung Hoo Win, the executive Director and Chief Executive Officer of the Company. Mr. Cheung Chi Shing is also a substantial shareholder of the Company.

(ii) Mr. Choy Shuen Yan Andy is a director of certain subsidiaries of the Group.

(iii) Mr. Ng is an executive Director of the Company.

(iv) Mr. Woo was a substantial shareholder and a director of the non-wholly owned subsidiaries of the Group, which were disposed on 31 July 2019.

(v) Elfie Limited is beneficially owned by Mr. Cheung Chi Shing and Ms. Yeung Han Yi Yvonne. The directors of Elfie Limited are Mr. Cheung Hoo Win, Ms. Cheung and Mr. Cheung Hoo Yin. Ms. Cheung and Mr. Cheung Hoo Yin are the children of Mr. Cheung Chi Shing and Ms. Yeung Han Yi Yvonne. Ms. Yeung Han Yi Yvonne and Mr. Cheung Hoo Yin are also substantial shareholders of the Company.

(vi) Ms. Ng Kai Ning and Ms. Ng Mei Hang are the daughters of Mr. Ng.

(vii) Ms. Ng Pui Yee is the sister of Mr. Ng.

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

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

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

(xi) Ms. Mak Kit Ping is the executive Director of the Company.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

36. RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

	2021 HK$'000	2020 HK$'000
Accounts receivable: (note (i))		
Amount due from Mr. Cheung Hoo Win	**305**	389
Amount due from Mr. Lau	**–**	269
Accounts payable (note (ii)):		
Amount due to Mr. Cheung Chi Shing	**6,986**	1,964
Amount due to Mr. Cheung Hoo Win	**2,066**	2,593
Amount due to Ms. Cheung	**1,501**	1,179
Amount due to Mr. Cheung Hoo Yin	**619**	133
Amount due to K.Y. Limited (note (iii))	**230**	277
Amount due to Ms. Yeung Han Yi Yvonne	**349**	521
Amount due to Mr. Cheng Tze Hin (note (iv))	**74**	–
Promissory note payables (note (v)):		
Amount due to Elfie Limited	**35,000**	–
Amount due to Ms. Ng Kai Ning	**3,200**	2,020
Amount due to Ms. Ng Mei Hang	**1,020**	–
Amount due to Ms. Ng Pui Yee	**2,110**	–
Amount due to Ms. Cheng	**2,020**	–
Staff loan (note (vi)):		
Amount due from Ms. Mak Kit Ping	**–**	730
Staff loan interest receivable (note (vii)):		
Amount due from Ms. Mak Kit Ping	**–**	22

36. RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

Note:

(i) The amount is secured by the relevant listed shares held by the clients and in the Group's custody, and is interest bearing at 3% plus prime rate per annum.

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

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

(iv) Mr. Cheng Tze Hin is the husband of Ms. Cheung.

(v) The interest rates for the promissory note payables are at 4% to 8% (2020: 8%) per annum and repayable within one year.

(vi) The amount is unsecured, interest bearing at 4.6% per annum and repayable within one year.

(vii) The amount is the interest receivable in relation to the staff loan stated in note (c)(vi) above.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

37. PRINCIPAL SUBSIDIARIES

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

Name of subsidiaries	Place of incorporation/ Operations	Particulars of issued and paid up capital	Proportion of ownership interest 2021	Proportion of ownership interest 2020	Principal activities
Direct subsidiary					
Styland Enterprises Limited	Hong Kong	2 shares	**100**	100	Provision of management services
Indirect subsidiaries					
Devonia Development Limited	Hong Kong	1,000 shares	**100**	100	Property investment
Ever-Long Asset Management Limited	Hong Kong	10,000,000 shares	**100**	100	Securities trading
Ever-Long Capital Limited	British Virgin Islands ("**BVI**")/Hong Kong	4,000,000 shares of US$1 each	**100**	100	Provision of financing services
Ever-Long Capital Management Limited	Hong Kong	1,000,000 shares	**100**	100	Provision of asset management services
Ever-Long Finance Limited	Hong Kong	22,500,000 shares	**100**	100	Provision of financing services
Ever-Long Futures Limited	Hong Kong	12,000,000 shares	**100**	100	Provision of futures brokerage services
Ever-Long Securities Company Limited	Hong Kong	165,000,000 shares	**100**	100	Securities brokerage, brokerage financing and corporate finance
Hoowin Limited	Hong Kong	10,000 shares	**100**	100	Property investment
Long River Investments Holdings Limited	BVI/Hong Kong	200 shares of US$1 each	**100**	100	Securities trading
Styland (International) Limited	Hong Kong	100,000 shares	**100**	100	Securities trading
Talent Full Investment Limited	Hong Kong	1 share	**100**	100	Provision of management services
Choice Insurance	Hong Kong	2,975,000 shares	**100**	N/A	Insurance brokerage services

On 30 November 2020, the Group acquired Choice Insurance from independent third parties at a consideration of HK$1,813,000. In the opinion of the Directors, the transaction was entered to acquire the license right together with other tangible assets held by Choice Insurance that did not constitute a business. The transactions were accounted for as an acquisition of assets.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2021 HK$'000	2020 HK$'000
ASSETS AND LIABILITIES			
Non-current asset			
Investments in subsidiaries	37	**–**	–
Current assets			
Other receivables		**228**	545
Amounts due from subsidiaries	38(a)	**511,888**	503,863
Cash and cash equivalents		**1,001**	2,546
		513,117	506,954
Current liabilities			
Other payables and accruals		**366**	401
Amounts due to subsidiaries	38(a)	**29,815**	29,815
		30,181	30,216
Net current assets		**482,936**	476,738
Non-current liabilities			
Convertible bonds	30	**21,213**	–
Net assets		**461,723**	476,738
EQUITY			
Share capital	31	**70,189**	59,125
Reserves	38(b)	**391,534**	417,613
Total equity		**461,723**	476,738

Approved and authorized for issue by the board of directors on 24 June 2021.

Cheung Hoo Win
Executive Director

Ng Yiu Chuen
Executive Director

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(CONTINUED)*

Notes:

(a) Amounts due from/to subsidiaries

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

(b) Reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Special capital reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Convertible bonds reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2019	187,245	7,480	571,147	542,641	–	–	(880,403)	428,110
Loss for the year and total comprehensive expense for the year	–	–	–	–	–	–	(16,506)	(16,506)
Dividend recognized as distribution (note 12)	–	–	–	(6,709)	–	–	–	(6,709)
Issue of scrip shares (note 31)	1,418	–	–	–	–	–	–	1,418
Recognition of equity-settled share-based payment (note 32)	–	–	–	–	11,300	–	–	11,300
Lapse of share options	–	–	–	–	(41)	–	41	–
Total transactions with owners	1,418	–	–	(6,709)	11,259	–	41	6,009
At 31 March 2020 and 1 April 2020	**188,663**	**7,480**	**571,147**	**535,932**	**11,259**	**–**	**(896,868)**	**417,613**
Loss for the year and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(24,997)**	**(24,997)**
Dividend recognized as distribution (note 12)	**–**	**–**	**–**	**(5,030)**	**–**	**–**	**–**	**(5,030)**
Issue of convertible bonds (note 30)	**–**	**–**	**–**	**–**	**–**	**2,433**	**–**	**2,433**
Exercise of bonus warrants (note 31)	**1,277**	**–**	**–**	**–**	**–**	**–**	**–**	**1,277**
Issue of scrip shares (note 31)	**238**	**–**	**–**	**–**	**–**	**–**	**–**	**238**
Lapse of share options	**–**	**–**	**–**	**–**	**(2,424)**	**–**	**2,424**	**–**
Total transactions with owners	**1,515**	**–**	**–**	**(5,030)**	**(2,424)**	**2,433**	**(22,573)**	**(26,079)**
At 31 March 2021	**190,178**	**7,480**	**571,147**	**530,902**	**8,835**	**2,433**	**(919,441)**	**391,534**

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bond payable HK$'000	Promissory note payables HK$'000	Loans HK$'000	Lease liabilities HK'000	Total HK$'000
1 April 2019	2,000	63,840	134,228	16,607	216,675
Cash flows:					
— Proceeds	–	–	45,851	–	45,851
— Repayments	–	(47,820)	(23,889)	–	(71,709)
— Capital element of lease liabilities	–	–	–	(5,953)	(5,953)
— Interest element of lease liabilities	–	–	–	(543)	(543)
Non-cash changes:					
— Entering into new leases	–	–	–	963	963
— Interest expenses	–	–	–	543	543
— Early termination of lease	–	–	–	(2,782)	(2,782)
31 March 2020 and 1 April 2020	**2,000**	**16,020**	**156,190**	**8,835**	**183,045**
Cash flows:					
— Proceeds	**–**	**70,380**	**51,500**	**–**	**121,880**
— Repayments	**(2,000)**	**(28,750)**	**(35,100)**	**–**	**(65,850)**
— Capital element of lease liabilities	**–**	**–**	**–**	**(6,378)**	**(6,378)**
— Interest element of lease liabilities	**–**	**–**	**–**	**(292)**	**(292)**
Non-cash changes:					
— Entering into new leases	**–**	**–**	**–**	**2,643**	**2,643**
— Interest expenses	**–**	**–**	**–**	**292**	**292**
— Termination of lease	**–**	**–**	**–**	**(260)**	**(260)**
— Exchange difference	**–**	**–**	**(35)**	**–**	**(35)**
31 March 2021	**–**	**57,650**	**172,555**	**4,840**	**235,045**

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For the year ended 31 March 2021

40. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and its investment activities. The risks associated with these financial instruments include market risks (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

40.1 Categories of financial instruments

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

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets at amortised cost:		
— loan receivables	**171,218**	197,194
— accounts receivable	**26,844**	13,964
— promissory note receivables	**–**	250
— other receivables and deposits	**10,554**	9,518
— client trust funds	**74,400**	56,854
— cash and cash equivalents	**114,614**	53,308
	397,630	331,088
Financial assets at FVTPL		
— Listed equity securities	**23,405**	32,596
— Investment in a life insurance policy	**6,497**	6,323
	29,902	38,919
	427,532	370,007

40. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(CONTINUED)*

40.1 Categories of financial instruments *(Continued)*

	2021 HK$'000	2020 HK$'000
Financial liabilities		
Other financial liabilities at amortised cost		
— accounts payable	**92,621**	60,584
— other payables and accruals	**5,260**	10,048
— bond payable	**–**	2,000
— promissory note payables	**57,650**	16,020
— loans	**172,555**	156,190
— lease liabilities	**4,840**	8,835
— convertible bonds	**21,213**	–
	354,139	253,677

40.2 Market risk

(i) Currency risk

The Group's business activities and its assets and liabilities were mainly denominated in HK$, RMB, NTD and USD. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

USD is not the functional currency of the Group. However, given that HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rates. In the opinion of Directors, the foreign currency sensitivity does not give additional value in view of insignificant movement in the USD/HK$ exchange rates in relation to client trust funds, accounts receivable, accounts payable, loans and cash and cash equivalents at the end of the reporting period. Accordingly, the foreign currency sensitivity disclosed includes the analysis for RMB and NTD only.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

40. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(CONTINUED)*

40.2 Market risk *(Continued)*

(i) Currency risk *(Continued)*

	Sensitivity rate	Increase/ Decrease in profit or loss HK$'000	Increase/ Decrease in equity HK$'000
2021			
RMB	**5%**	**128**	**128**
NTD	**5%**	**40**	**40**
2020			
RMB	5%	150	150
NTD	5%	–	–

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to loan receivables, accounts receivable, client trust funds, cash and cash equivalents, certain accounts payable and secured bank loans which bear variable interest rates. The interest rate risk is managed by the Directors on an ongoing basis with the primary objective of limiting extent to which interest expense could be affected by adverse movement in interest rates.

The sensitivity analysis below has been determined based on the exposure to interest rates for accounts receivable, loan receivables, client trust funds, cash and cash equivalents, certain accounts payable and secured bank loans at the end of reporting period. The analysis is prepared assuming financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2021 would increase/ decrease by HK$273,000 (2020: HK$178,000).

40. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(CONTINUED)*

40.2 Market risk *(Continued)*

(iii) Other price risk

Other price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group is exposed to equity price risk arising from individual equity investment classified as FVTPL as at 31 March 2021. The Group's listed investments are valued at quoted market prices at the reporting date. In addition, the Group monitors the price risk exposure and will consider hedging the risk exposure should the need arise.

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

If the price of the respective financial assets at FVTPL had been 5% higher/lower, the post-tax profit for the year ended 31 March 2021 would increase/decrease by approximately HK$1,248,000 (2020: HK$1,625,000) for the Group, as a result of the changes in fair value of financial assets classified as FVTPL.

40.3 Credit risk

The Group's exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its accounts receivable, contract assets, loan receivables and promissory note receivables and other financial assets as summarised in note 40.1 which are measured at amortised cost.

Accounts receivable, contract assets and loan receivables

In order to minimise the credit risk, the management had delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action such as margin calls to customers was taken to recover overdue balances.

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

At 31 March 2021, the Group has concentration of credit risks of 8% (2020: 17%) and 27% (2020: 47%) of the total accounts receivable were due from the Group's largest accounts receivable and the five largest accounts receivable respectively. The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 100% of the total accounts receivable as at 31 March 2021 and 2020.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

40. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(CONTINUED)*

40.3 Credit risk *(Continued)*

Accounts receivable, contract assets and loan receivables *(Continued)*

The Group assesses ECL under HKFRS 9 on accounts receivable, contract assets and loan receivables based on probability-weighted loss default approach by reviewing the recoverable amount of each individual receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. At each reporting date, the probability of default, loss given default and discount factor are updated and analysed. Each customers' probability of default are estimated based on their current conditions and take into accounts of forward-looking information, as appropriate. If forecast economic conditions are expected to deteriorate in the future year (i.e. increase in debt margin as result of expectation of rise in defaults), it lead to an increase in number of default and the probability of default will be adjusted. In applying the forward-looking information, the Group has taken into account the possible impact associated with the overall changes in the economic environment arising from COVID-19. The loss given default was based on the percentage of contractual claims that would be lost if the counter-party defaults and reduced by the expected recoverable amount from the collateral after adjusting the estimated costs of obtaining and selling the collateral. The ECL allowance was measured based on the ECL assessment result.

Client trust funds and cash and cash equivalents

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

Other financial assets at amortised cost

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

40. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(CONTINUED)*

40.3 Credit risk *(Continued)*

The movement in the ECL allowance of accounts receivable, contract assets, loan receivables and promissory note receivables and other financial assets are as follow:

	12-months ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Balance at 1 April 2019	1,164	–	–	34,853	36,017
ECL recognized for the year	–	–	–	5,033	5,033
Reversal of ECL recognized for the year	(39)	–	–	(6,059)	(6,098)
Written-off	(82)	–	–	(12,739)	(12,821)
Balance at 31 March 2020 and 1 April 2020	**1,043**	**–**	**–**	**21,088**	**22,131**
ECL recognized for the year	**77**	**113**	**3,656**	**9,476**	**13,322**
Reversal of ECL recognized for the year	**(390)**	**–**	**–**	**(7,806)**	**(8,196)**
Written off	**(380)**	**–**	**–**	**(2,500)**	**(2,880)**
Balance at 31 March 2021	**350**	**113**	**3,656**	**20,258**	**24,377**

As at 31 March 2021, loan receivables amounting to HK$17,949,000 from certain debtors who has delayed its settlement over 90 days. Having considered the liquidity condition and other information of the debtors, the Group considered that there are significant increase in credit risk of these debtors and therefore an ECL allowance of HK$6,456,000 was recognized during the year ended 31 March 2021.

The management considered the interest receivable amounting to HK$4,220,000 from a loan receivable is credit impaired and transferred to stage 3. ECL allowance of HK$2,923,000 were recognized during the year ended 31 March 2021.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

40. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(CONTINUED)*

40.4 Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate banking facilities from major financial institutions to meet its liquidity requirements in the short and long term.

Liquidity tables

In respect of the Group's securities dealing and brokerage services business and insurance brokerage business, it is subject to various statutory liquidity requirements under the Securities and Futures Ordinance and Insurance Ordinance. The Group has put in place monitoring system to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the relevant financial resources rules.

The following table details the Group's contractual maturity of its financial liabilities as at 31 March 2021 and 2020. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay.

As at 31 March 2021	Interest rate	On demand/ within one year HK$'000	One year to two years HK$'000	Over two years but within 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Accounts payable		92,621	–	–	92,621	92,621
Other payables and accruals		5,260	–	–	5,260	5,260
Convertible bonds	6%	1,380	1,380	23,684	26,444	21,213
Lease liabilities	3.8%–4.3%	4,477	440	–	4,917	4,840
Promissory note payables	4%–8%	57,650	–	–	57,650	57,650
Loans*	1.2%–4.3%	172,555	–	–	172,555	172,555
		333,943	1,820	23,684	359,447	354,139

40. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(CONTINUED)*

40.4 Liquidity risk *(Continued)*

Liquidity tables *(Continued)*

As at 31 March 2020	Interest rate	On demand/ within one year HK$'000	One year to two years HK$'000	Over two years but within 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Accounts payable		60,584	–	–	60,584	60,584
Other payables and accruals		10,048	–	–	10,048	10,048
Bond payable	8%	2,000	–	–	2,000	2,000
Lease liabilities	3.8%–4.3%	5,888	3,256	–	9,144	8,835
Promissory note payables	8%	16,020	–	–	16,020	16,020
Loans*	2.5%–10%	156,190	–	–	156,190	156,190
		250,730	3,256	–	253,986	253,677

* The loan agreements contain a repayment on-demand clause giving the lenders unconditional right to call in the loans at any time.

40.5 Fair value measurements

Fair value measurements recognized in the consolidated statement of financial position

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

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices and not using unobservable inputs).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (significant unobservable inputs).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2021

40. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(CONTINUED)*

40.5 Fair value measurements *(Continued)*

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

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 March 2021				
Financial assets				
Financial assets at FVTPL				
— Listed equity securities	**23,405**	**–**	**–**	**23,405**
— Investment in a life insurance policy	**–**	**6,497**	**–**	**6,497**
Financial asset at FVOCI				
— An unlisted equity security	**–**	**–**	**–**	**–**
	23,405	**6,497**	**–**	**29,902**
As at 31 March 2020				
Financial assets				
Financial assets at FVTPL				
— Listed equity securities	32,596	–	–	32,596
— Investment in a life insurance policy	–	6,323	–	6,323
Financial asset at FVOCI				
— An unlisted equity security	–	–	–	–
	32,596	6,323	–	38,919

During the years ended 31 March 2021 and 2020, there were no transfers between Level 1, Level 2 and Level 3.

The fair value of the investment in a life insurance policy is determined by reference to the Cash Value at reporting date as provided by the insurance company.

The financial asset at FVOCI represents the investment in equity interest in a private entity that offers the Group the opportunity for return through dividend income. As at 31 March 2021 and 2020, the financial asset at FVOCI was measured at fair value which was determined using the net asset value approach of the entity. The effects of unobservable inputs are not significant.

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

41. CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries which engage in securities dealing and brokerage service, corporate finance, advisory service and insurance brokerage that are the regulated entities under the Hong Kong Securities and Futures Ordinance and Insurance Ordinance and are subject to the respective minimum capital requirements. During the years ended 31 March 2021 and 2020, the subsidiaries complied with respective minimum capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 2020.

The capital structure of the Group consists of debts which included loans, bond payable, lease liabilities, convertible bonds and promissory notes payables less cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital as disclosed in note 31 and reserves.

The Directors review the capital structure on an annual basis. As part of this review, the Directors consider the cost of capital and risks associated with each class of capital and will balance its overall capital structure through the raise of borrowings, payment of dividends and issue of share options and new shares. There is no change in the capital risk management policy adopted by the Company during the years ended 31 March 2021 and 2020. The Group monitors its capital structure on the basis of the net debt to equity ratio. The net debt to equity ratio at the reporting date was:

	2021 **HK$'000**	2020 HK$'000
Loans	**172,555**	156,190
Bond payable	**–**	2,000
Lease liabilities	**4,840**	8,835
Convertible bonds	**21,213**	–
Promissory notes payables	**57,650**	16,020
Less: Cash and cash equivalents	**(114,614)**	(53,308)
Net debt	**141,644**	129,737
Equity attributable to owners of the Company	**470,321**	499,234
Net debt to equity ratio	**30.1%**	26.0%

Summary of Financial Information

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and reclassified and restated as appropriate, is set out below:

RESULTS

	Year ended 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**213,256**	207,293	234,787	248,614	236,638
(Loss)/Profit before taxation	**(38,895)**	(64,021)	(6,435)	(17,348)	1,084
Income tax expense	**–**	(16)	–	–	–
(Loss)/Profit before non-controlling interests	**(38,895)**	(64,037)	(6,435)	(17,348)	1,084
Non-controlling interests	**–**	(2,624)	6,618	(8,204)	4,614
(Loss)/Profit attributable to the owners of the Company	**(38,895)**	(66,661)	183	(25,552)	5,698

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
				Restated	
Total assets	**825,529**	755,119	1,091,144	1,039,416	1,048,973
Total liabilities	**(355,208)**	(255,885)	(542,634)	(446,274)	(450,090)
Non-controlling interests	**–**	–	3,202	2,890	11,174
	470,321	499,234	551,712	596,032	610,057

Details of Investment Properties

Property	Lot no./location	Category of lease	Use
House 4, Customs Pass No. 18 Fei Ngo Shan Road Sai Kung, New Territories Hong Kong	31 In D.D. 228	Medium term	Redevelopment
House A (including the External Walls and Carport on the G/F thereof) Ocean View Lodge Lot No. 524 in D.D. 238 Sai Kung, New Territories Hong Kong	24/200 undivided shares of/and in the Lot No. 524 in D.D. 238	Medium term	Investment

Where the English and the Chinese texts conflict, the English text prevails.
中英文版本內容如有歧異，概以英文版本作準。

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本年報以大豆油墨印刷。
This annual report was printed using soy ink.