Dadi International Group Limited
大地國際集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8130)

ANNUAL REPORT 2020

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

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

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

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

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Corporate Information

Executive Directors

Mr. Qu Zhongrang
Mr. Fu Yuanhong *(Chairman)*
Mr. Wu Xiaoming *(Executive Vice Chairman and Chief Executive Officer)*

Non-executive Directors

Mr. Zhang Honghai *(Honorary Chairman)*
Mr. Zhang Xiongfeng

Independent Non-executive Directors

Dr. Zhang Wei
Mr. Law Yui Lun
Dr. Jin Lizuo

Joint Company Secretaries

Mr. Chen Yong
Ms. Mak Po Man Cherie

Compliance Officer

Mr. Fu Yuanhong

Authorised Representatives

Mr. Fu Yuanhong
Ms. Mak Po Man Cherie

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Share Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

Audit Committee

Mr. Law Yui Lun *(Chairman)*
Mr. Zhang Xiongfeng
Dr. Zhang Wei
Dr. Jin Lizuo

Remuneration Committee

Dr. Zhang Wei *(Chairman)*
Mr. Fu Yuanhong
Mr. Wu Xiaoming
Mr. Law Yui Lun
Dr. Jin Lizuo

Nomination Committee

Mr. Fu Yuanhong *(Chairman)*
Dr. Zhang Wei
Mr. Law Yui Lun
Dr. Jin Lizuo

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Legal Advisers

As to Hong Kong Law
King & Wood Mallesons

As to Bermuda Law
Conyers Dill and Pearman

Head Office and Principal Place of Business in Hong Kong

Unit 1504-1506, 15th Floor
Office Tower, Convention Plaza
1 Harbour Road
Wanchai, Hong Kong

Principal Bankers

Hang Seng Bank Limited
China Construction Bank (Asia) Corporation Limited

Corporate Website

http://www.dadi-international.com.hk

GEM Stock Code

08130

Chairman's Statement

Dear shareholders,

On behalf of the board of Directors (the "Board") of the Company, I herein present the results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2020 (the "Year").

In 2019, Sino-US relationship has experienced rapid changes and has a material and uncertain impact on the global economy. The outbreak of COVID-19 in the first quarter of 2020 has not ended yet, which has resulted in a serious crisis to the development of the world economy. The economic growth has sharply slowed down, and there is even a risk of economic recession.

In spite of facing with the crisis, the Company is full of confidence in China's economic prospects and its long-term sustained and steady growth.

The name of the Company has been officially changed into "Dadi International Group Limited" in May 2019. During the Year, the Company recorded an increase in revenue of approximately 10.4 times to approximately HK$1,225.0 million (2019: approximately HK$107.2 million). The revenue was derived from cultural media related services, such as publication, purchase and distribution of books, and advertising and media related services; together with provision of other financial services. The Group recorded a profit attributable to owners of the Company of approximately HK$34.6 million (2019: loss of approximately HK$42.7 million). The change was mainly attributed to a significant increase in revenue as mentioned above and the Company's engagement in publication, purchase and distribution of books.

Finally, I would like to thank our Board, management and staff for their contributions to the Group. I would also like to extend my sincere gratitude to our shareholders, business partners, customers and suppliers for their continued supports.

Fu Yuanhong
Chairman

General

During the Year, the Group is principally engaged in publication, purchase and distribution of books, advertising and media related services and provision of financial leasing and other financial services.

Business Overview

Industry Overview

In recent years, the PRC has implemented a series of major construction projects for primary and secondary education such as "the transformation of school with poor condition" and "the balanced compulsory education of up to standard", aiming at comprehensively improving the basic operating conditions for primary schools and secondary schools. At the same time, education authorities at all levels have also begun to notice the impact and role of libraries in primary and secondary schools in school education. At present, there are approximately 250,000 libraries in primary and secondary schools. Most primary and secondary schools have established libraries, while 19% of which in the districts and counties across the country is not equipped with libraries. On 20 May 2015, the Ministry of Education, the Ministry of Culture and the State Administration of Press, Publication, Radio, Film and Television of the Peoples' Republic of China ("PRC") promulgated the Opinions on Strengthening the Construction and Application of Libraries in Primary and Secondary Schools in the New Era (《關於加強新時期中小學圖書館建設與應用工作的意見》), which specified the determination of the Recommended Book List for Libraries in Primary and Secondary Schools Nationwide (《全國中小學圖書館(室)推薦書目》) which was guided and prepared by the Ministry of Education as the main reference basis for the collection and procurement of libraries in primary and secondary schools. By 2020, the vast majority of primary and secondary schools will build libraries in accordance with national standards. According to the requirement of the latest version of Regulation for Libraries in Primary and Secondary Schools (《中小學圖書館(室)規程》) issued in 2018, the number of books collected by such libraries should not be lower than the stipulated standard in the Number of Books Collected by Libraries in Primary and Secondary Schools (《中小學圖書館(室)藏書量》), representing an increase of 10 volumes per person based on the number stipulated in the regulation of 2003. Taking into account the demand for books arising from newly-established libraries and old book updates, the total market size of books supplied by libraries in primary and secondary schools nationwide will exceed 5,700,000,000 volumes in the next five years, with a large overall market capacity. On 15 October 2019, the Department of Basic Education under the Ministry of Education promulgated the Notice on Launching Campaign for the Review and Cleanup of Libraries in Primary and Secondary Schools (《關於開展全國中小學圖書館審查清理專項行動的通知》), which required the review and cleanup of books supplied by libraries in primary and secondary schools, with the Recommended Book List for Libraries in Primary and Secondary Schools Nationwide (《全國中小學圖書館(室)推薦書目》) as the major reference basis for the supply of books by libraries. Such campaign will accelerate the cleanup and update of books supplied by libraries in primary and secondary schools.

Management Discussion and Analysis

Publication, Purchase and Distribution of Books

The Group is mainly engaged in publication, purchase and distribution of books through Dadi Feichi Culture Development (Shanghai) Co., Limited*（大地飛馳文化發展（上海）有限公司）("Dadi Feichi"), a non-wholly owned subsidiary of the Company. On 15 November 2019, Dadi Feichi was approved to establish a Base for Primary and Secondary Schools' Books in Shanghai（中小學圖書上海基地）by the Branch of School Library Equipment of the China Educational Equipment Industry Association, and was approved to provide services for publishers in Shanghai and East China and primary and secondary schools across the PRC based on the Recommended Book List for Libraries in Primary and Secondary Schools Nationwide (《全國中小學圖書館（室）推薦書目》) prepared by the Ministry of Education of the PRC and the Core Book List for Libraries in Primary and Secondary Schools Nationwide (《全國中小學圖書館（室）配備核心書目》) jointly prepared by The Publishers Association of China and the China Educational Equipment Industry Association. Dadi Feichi purchases books included in the Recommended Book List for Libraries in Primary and Secondary Schools Nationwide (《全國中小學圖書館（室）推薦書目》) from the upstream publishing platform, and sends high-quality student books to the book procurement service centres at provincial levels through the mainstream book sales platform and the downstream sales platform for books in libraries in primary and secondary schools. On 10 March 2020, the All-China Federation of Booksellers and Publishers Chamber（全聯書業商會）also acknowledged Dadi Feichi as one of the third enterprise nationwide for supplying to provincial book service centres.

As of 31 March 2020, Dadi Feichi recorded the sales of nearly RMB1,000.0 million during the Year and issued more than 6,700 types of books with approximately 120,000,000 volumes, and achieved a gross profit of RMB185.0 million. During the Year, the revenue contributed by such segment was approximately HK$1,123.0 million; and the profit of this business segment for the Year was approximately HK$155.6 million.

Advertising and Media Related Services

In order to help advertisers in the PRC to acquire users for their apps or products overseas, the Company has been engaged in mobile advertising and analytics services by helping advertisers to better acquire users and monetize their products by helping them to reach customers overseas, and to optimize their advertisements through the provision of designing, production, information consulting and marketing planning services. The Group shall pay traffic acquisition costs to publishers which are generally overseas media platforms, including Facebook and Google; and they will charge advertisers an agency fee for its user acquisition services, which is usually based on performance-pricing model where advertising is paid on the basis of each installation or click generated from the advertisements that were placed.

During the Year, the revenue contributed by such segment was approximately HK$101.2 million (2019: HK$104.5 million), representing a decrease of approximately 3.2%. The profit of this business segment for the Year was approximately HK$11.3 million (2019: loss of HK$2.5 million), representing an increase of approximately 552.0%.

Provision of Financial Leasing and other Financial Services

During the Year, the revenue contributed by this segment was approximately HK$0.8 million (2019: HK$2.7 million), representing a decrease of approximately 70.4%. The loss of this business segment for the Year was approximately HK$12.1 million (2019: HK$9.9 million), representing an increase of approximately 22.2%. The decrease in revenue was mainly due to the suspended provision of financial service by the Group and the increase in loss of this business segment was mainly attributable to the tighten cost control measures implemented.

Financial Review

For the Year, the revenue from continuing operations of the Group was approximately HK$1,225.0 million (2019: HK$107.2 million), of which approximately HK$1,123.0 million (2019: N/A) was generated from publication, purchase and distribution of books; approximately HK$101.2 million (2019: HK$104.5 million) was generated from advertising and media related services; and approximately HK$0.8 million (2019: HK$2.7 million) was generated from provision of financial leasing and other financial services, thus representing an increase of approximately 10.4 times as compared with that of the year ending 31 March 2019.

Administrative expenses increased by 13.0% to approximately HK$43.6 million from HK$38.6 million in prior year.

Finance costs increased to HK$45.4 million (2019: HK$3.8 million). The increased was mainly due to the new trust loan taken out by our Group.

Profit attributable to owners of the Company was approximately HK$34.6 million (2019: loss of approximately HK$42.7 million). The change was mainly attributed to the Company's engagement in publication, purchase and distribution of books.

Prospects

The management of the Company will promote the development of its various businesses under the leadership of the Board and in line with the resolutions and directions of the Board, thereby establishing a good business presence.

In terms of the publication, purchase and distribution of books business, the Group will continue to expand the scale of its books business to strive for greater growth in future sales, while actively promoting cooperation with well-known institutions such as Shanghai Juvenile Children's Publishing House Co., Ltd.*（上海少年兒童出版社有限公司）to improve its profitability in the culture industry sector. After obtaining the approval by the Branch of School Library Equipment of the China Educational Equipment Industry Association to establish a Base for Primary and Secondary Schools' Books in Shanghai（中小學圖書上海基地）and the qualification for supplying to provincial book service centres, Dadi Fichi will continue to develop national book market and achieve leap-forward development in its business scale.

Management Discussion and Analysis

During the Year, Shanxi Dadi Holdings Equity Investment Fund Management Co., Ltd.（山西大地控股股權投資基金管理有限公司）, a subsidiary of the Company, has been notified by the Asset Management Association of China that it obtained the qualification as a private equity investment fund manager to conduct businesses such as fund management, investment management, asset management and equity investment, etc.. The Group will cooperate with well-known institutions to set up industry funds individually or through cooperation to achieve breakthrough in financial business.

Looking ahead, the Group will continue to integrate various resources to actively seek business opportunities that can help maintain the future development of the Group and bring better returns to its shareholders.

Distribution

The Directors recommended to the shareholders of the Company at the forthcoming annual general meeting of the Company to be held, a final distribution out of contributed surplus account of HK cent 0.4 per share for the year ended 31 March 2020 to be paid on Monday, 30 November 2020 to the shareholders whose names appear on the register of members of the Company on Friday, 9 October 2020.

Closure of Register of Members

For determining the entitlement of the shareholders to the proposed final distribution, the register of members of the Company will be closed from Wednesday, 7 October 2020 to Friday, 9 October 2020 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final distribution, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 6 October 2020.

Liquidity and Financial Resources

At 31 March 2020, the Group had total assets of approximately HK$1,225.1 million (2019: HK$638.5 million), including net cash and bank balances of approximately HK$55.9 million (2019: HK$57.6 million). The increase in total assets is due to the increase in receivables and prepayments from the Company's publication business.

During the Year, the Group financed its operations with the external funds obtained from the trust loan taken out by the Group.

Capital Structure

Details of the share capital of the Company for the Year and the prior year were set out in note 32 to the consolidated financial statements.

As at 31 March 2020, the net proceeds from the subscription by Dadi International Holding Limited for, an aggregate of 324,085,995 new and fully paid ordinary shares of the Company at the subscription price of HK$0.178 per share of approximately HK$56,098,000 has been fully utilized for the purposes as set out in the announcement issued by the Company on 31 January 2019.

There was no change in the capital structure of the Group at 31 March 2020 as compared with that at 31 March 2019.

Charge on Assets

As at 31 March 2020, the Group did not have any charge on its assets (2019: Nil).

Foreign Exchange Risk

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need arise.

Commitments

The operating lease commitment of the Group was recognised as lease liabilities upon the adoption of HKFRS 16 since 1 April 2019.

At 31 March 2019, the Group, as a lessor, did not have operating lease commitments and as a lessee, had operating lease commitment of approximately HK$8.4 million. The Group did not have any capital commitment (2019: HK$40.9 million).

Contingent Liabilities

As at 31 March 2020, the Group had no contingent liabilities (2019: Nil).

Significant Investment

As at 31 March 2020, the Group did not hold any significant investment.

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

The Group did not make any material acquisitions and disposal of subsidiaries, associates or joint ventures during the Year.

Future Plan for Material Investments and Capital Assets

As at the date of this annual report, the Board has not approved any plan for material investments or acquisitions of capital assets.

Principal Risks and Uncertainties

Principal risks	Description	Mitigating actions
Business risk	Business risk is the risk of rapid changes in customers' preference and price driven competition could impact the Group's performance.	• Review market trends and maintain a competitive position by recruiting and retaining quality staff to provide flexible solutions to the customers.
Economic risk	Economic risk is the risk of any downturn in economic conditions could impact the Group's performance.	• Review forward looking indicators to identify economic conditions.
Liquidity risk	Liquidity risk is the risk that the Group would not be able to meet its financial obligations as they fall due.	• Monitor liquidity and balance sheet. • Maintain appropriate liquidity to cover commitments.
Exchange risk	Exchange risk is the risk that changes in foreign exchange rates would affect the Group's income and the value of its holdings of assets.	• Closely monitor statement of financial position and cashflow exchange risk exposures and consider appropriate use of financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge the exchange risk.
People risk	People risk is the risk of loss the services of any Directors, senior management and other key personnel could have a material adverse effect on the Group's businesses.	• Provide competitive reward and benefit packages to attract and retain the employees the Group need. • Ensure that the staff of the Group has the right working environment to enable them to do the best job and maximise their satisfaction at work.
Legal and regulatory risk	Legal and regulatory risk is the risk that a breach of laws and regulations could lead to litigation, investigations or disputes, resulting in additional costs on civil and/or criminal proceedings and reputational damage being incurred.	• Monitor changes and developments in the regulatory environment and ensure that sufficient resources being made available to implement for any compulsory changes. • Seek legal or other specialist advice as appropriate.

Environmental Policies

The Group is committed to acting in an environmentally responsible manner. Recycling and use of eco-friendly stationery, plus a series of measures to save paper and energy, resulted in more efficient use of resources, as well as reduction of waste.

Compliance with Environmental Regulations

Due to the nature of the business of the Group, the Directors are of the opinion that no specific laws and regulations related to environmental protection has significant impact on the operations of the Group.

Relationship with Customers, Suppliers

The percentage of sales and purchases for the Year attributable to the Group's major customers and suppliers are as follows:

Sales	
– the largest customer	57.1%
– five largest customers combined	96.9%
Purchases	
– the largest supplier	56.8%
– the five largest suppliers combined	100.0%

At no time during the Year did the Directors and their associates or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in the major customers or suppliers noted above.

Emolument Policy

The emoluments of the Directors are decided by the Board with reference to the recommendations from the Remuneration Committee of the Board, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible participants, details of the share option scheme is set out in note 38 of the consolidated financial statements.

Management Contract

No management contract was in force during the Year for the management and administration of the whole or any substantial part of the Group's business subsisted at the end of the Year or at any time during the Year.

Management Discussion and Analysis

Employment Information

At 31 March 2020, the Group had 46 employees (2019: 38). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme while employees in the PRC are members of retirement benefits schemes. Other benefits include share options under the current share option scheme adopted on 25 September 2012.

Financial Key Performance Indicators

The gearing ratio, expressed as a percentage of total liabilities over total assets, was 56.3% (2019: 23.2%). The change in gearing ratio was mainly attributed to the increase in borrowings taken out by the Group during the Year to support its publication business.

The Group is considering other financial key performance indicators to assess the performance for specific business segments of the Group.

Executive Directors

Mr. Qu Zhongrang, aged 53, obtained a bachelor's degree in laws from China University of Political Science and Law in January 2007. Mr. Qu was appointed as an executive Director of the Company with effect from 23 April 2019. Mr. Qu concurrently serves as the chairman of 山西大地環境投資控股有限公司.

Mr. Fu Yuanhong, aged 52, is the chairman of the Board and he is responsible for overall management of the Board. He has served as the chairman of Shanxi Minji Eco-Environment Engineering Co., Ltd. (now renamed as Shanxi Dadi Minji Eco-Environment Co., Ltd., a company listed on the National Equities Exchange and Quotations System (The New Third Board), stock code: 833365) since 21 December 2018. Mr. Fu obtained a bachelor's degree in environmental protection from Shanxi University in July 1992 and obtained the title of senior engineer in May 2011. Mr. Fu was appointed as the chairman of the Board and an executive Director with effect from 19 February 2019. Mr. Fu concurrently serves as the chairman of 山西省環境集團有限公司, a deputy general manager of 山西大地環境投資控股有限公司and the first director of Dadi International Holdings Co.,Ltd.

Mr. Wu Xiaoming, aged 58, is the executive vice chairman and the chief executive officer of the Company and is experienced in financing and practice in business management, team building, corporate strategy development and implementation in large corporations, he also has in-depth knowledge and operational experience in investments and development of large-scale projects. Mr. Wu was appointed as the chief executive officer, an executive Director and the executive vice chairman, on 28 April 2016, 30 September 2016 and 3 April 2018 respectively.

Non-executive Directors

Mr. Zhang Honghai, aged 66, has worked for the Beijing Municipal Government for many years and accumulated extensive experience in corporate management. He was the director of the Foreign Affairs Office of the People's Government of Beijing Municipality and Hong Kong and Macao Affairs Office of the People's Government of Beijing Municipality and was the vice president of the Beijing Chinese Overseas Friendship Association. Mr. Zhang was the executive director, vice chairman and president in Beijing Enterprises Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 392) from December 2003 to April 2014. He served as an executive director and the chairman of Beijing Enterprises Water Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 371) from May 2008 to October 2014. He served as an executive director in Beijing Development (Hong Kong) Limited (now renamed as Beijing Enterprises Environment Group Limited, a company listed on the Main Board of the Stock Exchange, stock code: 154) from March 2004 to June 2015. He served as an executive director and the chairman in BEP International Holdings Limited (now renamed as New Provenance Everlasting Holdings Limited, a company listed on the Main Board of the Stock Exchange, stock code: 2326) from October 2013 to June 2017. He served as an independent non-executive director in China Ground Source Energy Industry Group Limited (now renamed as China Geothermal Industry Development Group Limited, a company listed on the GEM of the Stock Exchange, stock code: 8128) from September 2014 to December 2016. Mr. Zhang obtained a bachelor's degree from Peking University in February 1982 and subsequently obtained a master's degree in industrial foreign trade from the International Business School of Hunan University in July 1997. Mr. Zhang also obtained an Executive Master of Business Administration degree from Guanghua School of Management, Peking University in July 2007 and held the title of senior economist. Mr. Zhang was appointed as a non-executive Director and the honorary president with effect from 19 February 2019.

Profile of Directors

Mr. Zhang Xiongfeng, aged 52, has extensive experience in the investment banking industry specialising in the area of corporate finance. Mr. Zhang was a non-executive director of Fire Rock Holdings Limited, whose shares are listed on the GEM of the Stock Exchange (Stock Code: 8345) from January 2016 to October 2018; Mr. Zhang is currently a non-executive director of Pa Shun International Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 574); and was an executive director and chairman of the board of Hang Tai Yue Group Holdings Limited (formerly known as Interactive Entertainment China Cultural Technology Investments Limited) (Stock Code: 8081) shares are listed on the GEM of the Stock Exchange from December 2013 to December 2018. Mr. Zhang was appointed as a non-executive Director on 3 April 2018.

Independent Non-executive Directors

Dr. Zhang Wei, aged 66, had taught Development Economics and Chinese Economy at the University of Cambridge in the UK since 2000 and is also the founding director of Economic Research Centre for Greater China in Cambridge. Dr. Zhang joined Mingly Corporation in 2011 and successively served as the senior economist, an executive director and the chief executive officer. Dr. Zhang served as a non-executive director of Hanison Construction Holdings Limited (a company listed on the Main Board of Stock Exchange, stock code: 896) since 25 June 2019. Dr. Zhang was appointed as an independent non-executive Director on 1 November 2017.

Mr. Law Yui Lun, aged 58, an associate member of the Taxation Institute of Hong Kong and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. Mr. Law has extensive professional experience in the fields of auditing, accounting, corporate taxation, company liquidation and insolvency, financial advisory and management for over 30 years. Mr. Law is currently independent non-executive director of CBK Holdings Limited (Stock Code: 8428), which is listed on the GEM of the Stock Exchange and was an independent non-executive director of Shougang Concord Century Holdings Limited (Stock Code: 0103), which is listed on the Main Board of the Stock Exchange, from April 2005 to January 2020. Mr. Law was appointed as an independent non-executive Director on 1 November 2017.

Dr. Jin Lizuo, aged 62, has been a supervisor of China International Capital Corporation Limited (a company listed on the Main Board of the Stock Exchange, stock code: 3908) since May 2015; participated in its establishment and was a member of its preparatory group from 1994 to 1995. Dr. Jin served as an independent non-executive director of Beijing Enterprises Environment Group Limited (formerly known as Beijing Development (Hong Kong) Limited) (a company listed on the Main Board of the Stock Exchange, stock code: 154) since September 2004, and a director of NetBrain Technologies Inc. since August 2012. He served as the chairman of Beijing Integrity Financial Consulting Company*（北京中和應泰財務顧問有限公司）from 1997 to 2004; and was awarded the "Most Influential Independent Director"（最具影響力獨立董事獎）at the 5th Session Golden Round Table Award campaign for the Board of Directors of Listed Companies in China in 2009. Dr. Jin obtained a bachelor's degree in economics from Peking University in the PRC in January 1982 and a doctoral degree in economics from Oxford University in the United Kingdom in November 1993; he also served as the founding president of the Chinese Economic Association (UK) from 1988 to 1989 and the chief councilor of Shanghai Institute of Law & Economics*（上海法律與經濟研究所理事長）. Dr. Jin was appointed as an independent non-executive Director on 11 February 2020.

Senior Management

Mr. Wu Xiaoming, aged 58, is the executive Director, executive vice chairman and chief executive officer of the Company. He is responsible for the overall management and operation, liaison with major customers and business development of the Group. Please see his biography set out in the sub-section headed "Executive Directors" above.

Mr. Xu Minsheng, aged 52, has been an executive president of the Company and the chairman of Dadi Great Wall Financial Holdings Limited since May 2020. Mr. Xu has successively been employed in Shenzhen Planning and Land Resources Bureau, Sanya Municipal Party committee of the Communist Party of China, China Venture Capital (Group) Co., Ltd. of Shenzhen, the People's Government of Haikou City, the National Development and Reform Commission, Ningbo Zhongbang Jinkong Investment Co., Ltd.（寧波眾邦金控投資有限公司）and other entities. Mr. Xu is a senior economist and obtained a Doctor's degree in Economics from Jilin University and Postdoctoral of Guanghua School of management, Peking University, EMBA of Cheung Kong Graduate School of Business.

Corporate Governance Report

Introduction

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

Corporate Governance Practices

The corporate governance principles of the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Group believes that its accountability and transparency will be improved thereby instilling confidence to shareholders and the public. Throughout the Year, the Group has complied with all applicable code provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. The Board has, since the amendments to the GEM Listing Rules regarding corporate governance practices were first proposed by the Stock Exchange, continued to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance. Meetings were held throughout the Year and where appropriate, circulars and other guidance notes were issued to Directors and senior management of the Group to ensure awareness to issues regarding corporate governance practices.

The Board

Responsibilities

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performances and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibility for decision making in all major matters of the Company including: the approval and monitoring of all policy matters, the setting of objectives, annual budgets and overall strategies, material transaction, appointment of Directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support of them to discharge its responsibilities.

Composition

At 31 March 2020 and the date of this report, the Board comprised eight Directors, including three executive Directors, namely Mr. Qu Zhongrang, Mr. Fu Yuanhong (chairman of the Board) and Mr. Wu Xiaoming, two non-executive Directors, namely Mr. Zhang Honghai and Mr. Zhang Xiongfeng, and three independent non-executive Directors, namely Dr. Zhang Wei, Mr. Law Yui Lun and Dr. Jin Lizuo. Biographical details of the chairman of the Board and other Directors are set out in the section of "Profile of Directors" on pages 13 to 14.

The Directors have distinguished themselves in their field of expertise and have exhibited high standards of personal and professional ethics and integrity. All the Directors give sufficient time and attention to the Company's affairs. The Board believes that the ratio of executive to non-executive Directors is reasonable and adequate to provide checks and balances that safeguard the interest of the shareholders and the Company as a whole.

The Board as a whole is responsible for the appointment of new Directors and Directors nomination for re-election by shareholders at the annual general meeting of the Company. Under the Company's bye-laws, the Board may from time to time appoint a Director either to fill a vacancy or as an addition to the Board. Any new Director appointed to fill a casual vacancy shall hold office until the first general meeting after his appointment and shall then be eligible for re-election. Any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

Chairman and Chief Executive

At 31 March 2020, Mr. Fu Yuanhong and Mr. Wu Xiaoming served as the chairman and the chief executive officer of the Company respectively. The positions of the chairman and the chief executive officer of the Company are held by different persons in order to ensure independence and accountability of their respective functions and balanced distribution of power and authority between them.

Independence of the Independent Non-executive Directors

The Company has three independent non-executive Directors for the Year and for the time being, one of whom has appropriate financial management expertise, and is in compliance with the GEM Listing Rules. The three independent non-executive Directors of the Company at the time have made written confirmations to the Company in respect of their independence. Based on such confirmation and to be best knowledge of the Board, the Company considers these current independent non-executive Directors are independent under the guidelines set out in Rule 5.09 of the GEM Listing Rules.

Non-executive Directors

The non-executive Directors are appointed for a specific term of three years from their respective date of appointment, subject to retirement by rotation as stipulated in the bye-laws of the Company.

Board Meetings and Shareholders' Meetings

The Board regularly meets in person or through other electronic means of communication at least four times every year to determine overall strategic direction and objectives and approve quarterly, interim and annual results, and other significant matters. At least fourteen days' notice of regular Board meeting is given to all Directors, who are all given an opportunity to attend and include matters in the agenda for discussion. Apart from regular meetings, senior management from time to time provides Directors information on activities and development of the businesses of the Group.

During the Year, 6 Board meetings were held. Details of the attendance of the Directors at general meeting, the meetings of the Board and its respective committees are as follows:

Name of Director	*Notes*	General Meeting Attended/Held	Board Meeting Attended/Held	Audit Committee Attended/Held	Remuneration Committee Attended/Held	Nomination Committee Attended/Held
Executive Directors						
Mr. Qu Zhongrang	*1*	0/1	5/5	N/A	N/A	N/A
Mr. Fu Yuanhong, *Chairman*		2/2	6/6	N/A	3/3	3/3
Mr. Wu Xiaoming		1/2	6/6	N/A	3/3	N/A
Non-executive Directors						
Mr. Zhang Honghai		0/2	6/6	N/A	N/A	N/A
Mr. Zhang Xiongfeng		1/2	6/6	4/4	N/A	N/A
Independent non-executive Directors						
Dr. Zhang Wei		0/2	6/6	4/4	3/3	3/3
Mr. Law Yui Lun		0/2	6/6	4/4	3/3	3/3
Dr. Jin Lizuo	*2*	0/0	0/0	0/0	0/0	0/0
Dr. Li Zhan	*3*	0/2	5/6	3/4	2/3	2/3

Notes:

1. Mr. Qu Zhongrang was appointed as an executive Director with effect from 23 April 2019.

2. Dr. Jin Lizuo was appointed as an independent non-executive Director with effect from 11 February 2020.

3. Dr. Li Zhan resigned as an independent non-executive Director with effect from 11 February 2020.

Training and support for Directors

All Directors must keep abreast of their collective responsibilities as Directors and of the business of the Group. As such, the Group provides an induction to each newly appointed Director upon his/her appointment. Briefings and orientations are provided and organised to ensure that the new Directors are familiar with the role of the Board, their legal and other duties as a Director as well as the business and governance practices of the Group. Such programmes are tailored to each individual Director taking into account their background and expertise. The Company will continuously update all Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors.

All Directors also participate in continuous professional development programmes provided or procured by the Group, such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. A record of the training received by the respective Directors are kept and updated by the Company.

Board Diversity

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimal composition of the Board.

Remuneration Committee

A remuneration committee was established with specific written terms of reference. At the date of this annual report, the remuneration committee consists of five members, of which two of them are executive Directors namely Mr. Fu Yuanhong and Mr. Wu Xiaoming, and three of them are independent non-executive Directors, namely Dr. Zhang Wei, Mr. Law Yui Lun and Dr. Jin Lizuo. The chairman of the remuneration committee is Dr. Zhang Wei.

The remuneration committee is responsible for formulating and recommending to the Board the remuneration policy, determining the remuneration of Directors and members of senior management of the Company, as well as reviewing and making recommendations on the Company's share option scheme, bonus structure, provident fund and other compensation-related issues. This committee consults with the chairman on its proposals and recommendations and has access to professional advice if deemed necessary. The remuneration committee is also provided with other resources enabling it to discharge its duties.

The remuneration committee meets at least once a year.

During the Year, the remuneration committee held three meetings. During the relevant meetings, the remuneration committee reviewed performance of executive Directors, the remuneration policy and structure of the Company, the remuneration packages of the executive Directors and senior management and made recommendations on the remuneration of one newly appointed executive Director in April 2019 and one newly appointed independent non-executive Director in February 2020.

Nomination Committee

The nomination committee was established with specific written terms of reference. At the date of this annual report, the nomination committee consists of four members, of which one of them is an executive Director, namely Mr. Fu Yuanhong, and three of them are independent non-executive Directors, namely Dr. Zhang Wei, Mr. Law Yui Lun and Dr. Jin Lizuo. The chairman of the nomination committee is Mr. Fu Yuanhong.

The duties of the nomination committee include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer.

The nomination committee meets at least once a year.

During the Year, the nomination committee held three meetings. During the relevant meetings, the nomination committee reviewed the structure, size, composition and diversity of the Board, assessed the independence of the independent non-executive Directors, considered the re-election of Directors and made recommendations on nomination of one candidate for the position of executive Director in April 2019 and one candidate for the position of independent non-executive Director in February 2020.

Board Nomination Policy

The Company adopted a nomination policy for the nomination committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the nomination committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Procedure

The nomination committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required. The nomination committee utilises various methods for identifying Director candidates, including recommendations from Board members, management, and professional search firms. All Director candidates, including incumbents and candidates nominated by shareholders are evaluated by the nomination committee based upon the director qualifications. While Director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The nomination committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

Selection Criteria

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

Audit Committee

The Company established an audit committee with written terms of reference. As at the date of this annual report, the audit committee consists of four members, of which one of them is a non-executive Director, namely Mr. Zhang Xiongfeng, and three of them are independent non-executive Directors, namely Dr. Zhang Wei, Dr. Jin Lizuo and Mr. Law Yui Lun. The chairman of the audit committee is Mr. Law Yui Lun.

The main duties of the audit committee include the followings:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer or external auditors before submission to the board.

(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The audit committee is provided with sufficient resources enabling it to discharge its duties.

Corporate Governance Report

The audit committee held four meetings during the Year, to review the financial results and reports, financial reporting and compliance procedures, report on the company's internal control and risk management review and processes as well as the re-appointment of the external auditors.

There is no material uncertainty relating to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There is no disagreement between the Board and the audit committee regarding the selection, appointment, resignation or dismissal of external auditors.

The Company's annual results for the Year has been reviewed by the audit committee.

Auditors' Remuneration

For the Year, the remuneration in respect of audit services provided by the auditors, HLB Hodgson Impey Cheng Limited, amounted to approximately HK$1,124,000; and HK$160,000 were fees for non-audit services (which include taxation compliance and agreed upon procedures).

Joint Company Secretaries

Mr. Chen Yong and Ms. Mak Po Man Cherie have been the joint company secretaries of the Company since 27 June 2019.

Ms. Mak Po Man Cherie is the vice president of SWCS Corporate Services Group (Hong Kong) Limited and is responsible for advising the Board regarding corporate governance matters to ensures the compliance with policies and procedures set by the Board and applicable laws, rules and regulations. Mr. Chen Yong, a joint company secretary of the Company, is the primary contact of Ms. Mak Po Man Cherie in the Company.

Mr. Chen Yong and Ms. Mak Po Man Cherie have confirmed that they have received not less than 15 hours of relevant professional training as required by according to the Rule 5.15 of the GEM Listing Rules for the year ended 31 March 2020.

Directors' Securities Transactions

The Company has adopted the required standard of dealings set out in rules 5.48 to 5.67 to the GEM Listing Rules as its own code of conduct for dealings in securities of the Company by Directors (the "Code"). The Company, having made specific enquiry of all Directors, confirms that its Directors have complied with the required standard set out in the Code during the Year.

Directors' Preparation Responsibilities on Financial Statements

The Directors acknowledge their responsibilities to prepare the financial statements for the year ended 31 March 2020 and ensure these financial statements to give a true and fair view on the financial position of the Group.

Internal Control and Risk Management

The Board has overall responsibility for the internal control system and risk management of the Group and it has delegated to the executive management to carry out the risk identification and monitoring procedures. The objectives of the risk management are to enhance the governance and corporate management processes as well as to safeguard the interests of the shareholders and the assets of the Group.

The Board highly emphasized on internal control and adopted various initiatives to control and monitor the business of the Company and prevent potential risks. The Company has established internal audit function to conduct regular review on all the policies and procedures of material control, and report all material issues to the Board and audit committee at least once annually.

The Group adopted a three-line risk management approach to identify, analyze, assess, mitigate and handle risks. The first line of defence is that the Group's employees must understand that their roles and responsibilities to identify, assess and monitor risks associated with transactions. The second line of defence is the Group's management that provides independent oversight of the first line of defence. It ensures that risks are within the Group's risk capacity and that the control of the first line of defence is effective. As the final line of defence, the audit committee of the Company, with the advices and opinions from the external professional party (such as the auditor) and annual review by the internal audit function, ensures that the first and second lines of defence are effective.

Taking into account the size and complexity of the operations of the Group, the Company considers that the existing organisation structure and the close supervision of the executive management have provided sufficient internal control and risk management for the Group.

The Board reviewed the risk management and internal control system adopted by the Group annually. For the Year, the Board is of the view that the systems are effective and there are no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's internal control system.

Disclosure of Inside Information

The Group acknowledges its responsibilities under the Securities and Futures Ordinance ("SFO") and the GEM Listing Rules and the overriding principle that Inside Information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of Inside Information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

- the Group has strictly prohibited unauthorised use of confidential or Inside Information; and

- the Group regularly reminds its Directors and employees about due compliance with all polices regarding the Inside Information, as well as keeps them appraised of the latest regulatory updates.

Dividend Policy

The Company may distribute dividends by way of cash or by other means that the Company considers appropriate. Any proposed distribution of dividends shall be determined by the Board and will be subject to shareholders' approval. A decision to declare or to pay dividends, and the amount of dividends, will depend on a number of factors, including the Company's operating results, cash flow, financial condition, payments by our subsidiaries of cash dividends to us, future prospects and other factors that the Directors may consider important.

Constitutional Documents

The Company has not made any changes to its bye-laws during the Year.

Shareholders Relations

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders. The commitment to fair disclosure and comprehensive and transparent reporting of the Company's activities can be reflected in many aspects.

In endeavouring to maintain an on-going dialogue with shareholders, the annual general meeting provides a useful forum for shareholders to exchange views with the Board.

The proceedings of the annual general meeting are reviewed from time to time to ensure the Company conforms to the best practices regarding corporate governance. The annual general meeting circular, which is circulated to all shareholders at least 21 days prior to the holding of the annual general meeting, sets out the details in relation to each resolution proposed, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. At the Company's 2019 annual general meeting, all the resolutions were put to the vote by poll and Tricor Secretaries Limited, the Company's Hong Kong Branch Share Registrar, was engaged as scrutineer to ensure the votes were properly counted. The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meeting are contained in the Company's bye-laws.

Shareholders of the Company who hold not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so themselves.

The Company publishes its announcements, financial information and other relevant data on its website at http://www.dadi-international.com.hk, as a channel to enhance effective communication. Shareholders are welcomed to make enquiries to the Company by sending the enquiries to the principal place of business in Hong Kong of the Company, or via phone ((852) 2382 8588), fax ((852) 2382 8598) or email (ir@dadi-international.com.hk). The Company will respond to all enquiries in a timely and appropriate manner.

Information about the principal place of business in Hong Kong of the Company is set out on page 3 of this annual report.

The Company also communicates to its shareholders through its annual, interim and quarterly reports.

Conclusion

The Company believes that good corporate governance is significant in maintaining investor confidence and attracting investment. The management will devote considerate effort to strengthen and improve the standards of the corporate governance of the Group.

Report of the Directors

The Directors present their annual report and the audited financial statements for the Year.

Principal activities and geographical analysis of operations

The principal activities of the Group for the Year were publication, purchase and distribution of books, provision of advertising and media related services and provision of financial leasing and other financial services. Details of the activities of its subsidiaries are set out in note 39 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing the group and an indication of likely future developments in the group's business, can be found in the "Management Discussion and Analysis" section set out on pages 5 to 12 of this report. This discussion forms part of this Director's report.

An analysis of the Group's revenue for the Year by geographic segment is set out in note 10 to the consolidated financial statements.

Results

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 40 and 41 of this annual report.

Financial summary

The summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 138 of this annual report.

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 18 to the consolidated financial statements.

Share capital and share options

Details of the movements in the Company's share capital and share options during the Year are set out in notes 32 and 38 to the consolidated financial statements respectively.

Reserves

Details of the movement in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 137 of this annual report and note 40 to the consolidated financial statements respectively.

Purchase, sale or redemption of shares

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Convertible securities, options, warrants and similar rights

No convertible securities, options, warrants and similar rights were issued or granted by the Group during the year ended 31 March 2020.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's bye-laws and there is no restriction against such rights under the law of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Tax relief

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

Convertible bonds

There are no outstanding convertible bonds during the Year.

Distributable reserves

At 31 March 2020, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended) amounted to HK$325.9 million (2019: approximately HK$325.9 million), representing the Company's contributed surplus account (2019: contributed surplus account).

Charitable donations

Charitable donations made by the Group during the Year was nil (2019: nil).

Events after the reporting period

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2020 and up to the date of this report.

Sufficiency of public float

The Company has maintained a sufficient public float throughout the Year.

Report of the Directors

Permitted Indemnity Provisions

At no time during the Year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors (whether made by the Company or otherwise) or an associated company (if made by the Company).

Directors

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

Executive Directors

Mr. Qu Zhongrang	(appointed on 23 April 2019)
Mr. Fu Yuanhong	
Mr. Wu Xiaoming	

Non-executive Director

Mr. Zhang Honghai
Mr. Zhang Xiongfeng

Independent non-executive Directors

Dr. Zhang Wei	
Mr. Law Yui Lun	
Dr. Jin Lizuo	(appointed on 11 February 2020)
Dr. Li Zhan	(resigned on 11 February 2020)

In accordance with bye-law 83(2) of the bye-laws of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the Members in general meeting, as an addition to the existing Board. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Accordingly, Dr. Jin Lizuo will retire from office at the following annual general meeting and, being eligible, offer himself for re-election.

In accordance with bye-law 84(1) of the bye-laws of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

Directors' service contracts

Mr. Qu Zhongrang was appointed as an executive Director for a term of three years commencing from 23 April 2019, subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. Mr. Zhang's remuneration will be director's fee of HK$50,000 per month.

Mr. Fu Yuanhong was appointed as an executive Director for a term of three years commencing from 19 February 2019, subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. Mr. Fu's remuneration will be director's fee of HK$50,000 per month.

Mr. Wu Xiaoming was appointed as an executive Director and his service contract was renewed for a term of three years commencing from 1 October 2019, subject to retirement by rotation and re-election, in accordance with the bye-laws of the Company. Mr. Wu's remuneration will be director fee of HK$50,000 and salary of HK$170,000 per month.

Mr. Zhang Honghai was appointed as a non-executive Director for a term of three years commencing from 19 February 2019, subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. Mr. Zhang's remuneration will be director's fee of HK$30,000 per month.

Mr. Zhang Xiongfeng was appointed as a non-executive Director for a term of three years commencing from 3 April 2018, subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. Mr. Zhang's remuneration will be director's fee of HK$30,000 per month.

Dr. Zhang Wei was appointed as an independent non-executive Director for an initial term of three years commencing from 1 November 2017, subject to retirement by rotation and other related provisions as stipulated in the bye-laws of the Company. Dr. Zhang Wei shall receive a remuneration of HK$30,000 per month.

Mr. Law Yui Lun was appointed as an independent non-executive Director for an initial term of three years commencing from 1 November 2017, subject to retirement by rotation and other related provisions as stipulated in the bye-laws of the Company. Mr. Law shall receive a remuneration of HK$30,000 per month.

Dr. Jin Lizuo was appointed as an independent non-executive Director for an initial term of three years commencing from 11 February 2020, and is subject to retirement by rotation and other related provisions as stipulated in the bye-laws of the Company. Dr. Jin Lizuo shall receive a remuneration of HK$30,000 per month.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at 31 March 2020, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed, to have such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, are as follows:

Long positions in ordinary shares of HK$0.01 each of the Company

Name of Director	Capacity	Number of Shares held	Percentage of the Company's issued share capital
Mr. Wu Xiaoming	Beneficial owner	31,240,000	0.88%
Mr. Zhang Xiongfeng	Beneficial owner	224,889,900	6.31%

Share option schemes

Particulars of the Company's share option schemes are set out in note 38 to the consolidated financial statements.

Arrangement to purchase shares or debentures

Other than the share option schemes disclosed above and in note 38 to the consolidated financial statements respectively, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interest in contracts

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Competing interests

As at 31 March 2020, none of the Directors, the controlling shareholders nor their respective close associates had an interest in any business which competes or may compete with the business of the Group pursuant to Rule 11.04 of the GEM Listing Rules.

Substantial shareholders

As at 31 March 2020, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that the following shareholders (other than the Directors or chief executives of the Company) had an interest of 5% or more in the issued share capital of the Company:

Long position in ordinary shares of HK$0.01 each of the Company

Name of shareholder	Capacity	Number of Shares held	Percentage of the Company's issued share capital
山西省國有資本運營有限公司	Interest in a controlled corporation	1,027,985,995 (Note)	28.84%
山西大地環境投資控股有限公司	Interest in a controlled corporation	1,027,985,995 (Note)	28.84%
山西省環境集團有限公司	Interest in a controlled corporation	1,027,985,995 (Note)	28.84%
Dadi International Holdings Co., Ltd	Beneficial owner	1,027,985,995 (Note)	28.84%

Note:

Dadi International Holdings Co., Ltd is beneficially and wholly-owned by 山西省環境集團有限公司, which is in turn beneficially and 90% owned by 山西大地環境投資控股有限公司, which is in turn beneficially and wholly-owned by 山西省國有資本運營有限公司. As such, each of 山西省環境集團有限公司, 山西大地環境投資控股有限公司 and 山西省國有資本運營有限公司 is deemed to be interested in the Shares held by Dadi International Holdings Co., Ltd.

Save as disclosed above, as at 31 March 2020, the Company has not been notified by any persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

Retirement benefits scheme

Particulars of the retirement benefits scheme of the Group are set out in note 37 to the consolidated financial statements.

Audit committee

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee comprises of three independent non-executive Directors namely, Mr. Law Yui Lun who is the chairman of the audit committee, Dr. Zhang Wei and Dr. Jin Lizuo, and one non-executive Director, Mr. Zhang Xiongfeng. During the Year, the audit committee held four meetings to review the Group's annual report, half-year report and quarterly reports.

Remuneration committee

The Company has established a remuneration committee with written terms of reference in accordance with the requirements of the CG Code. The remuneration committee comprises three independent non-executive Directors, namely Mr. Law Yui Lun, Dr. Jin Lizuo and Dr. Zhang Wei who is the chairman of the remuneration committee and two executive Directors, Mr. Fu Yuanhong and Mr. Wu Xiaoming. The principal responsibilities of the remuneration committee include recommendation to the Board on the Group's remuneration policy and structure for all remuneration of Directors and senior management of the Company, the determination of specific remuneration packages of all executive Directors and senior management of the Company, and to review and approve performance-based remuneration.

Nomination committee

The Company has established a nomination committee with written terms of reference in accordance with the requirements of the CG Code. The nomination committee comprises three independent non-executive Directors, namely Dr. Zhang Wei, Mr. Law Yui Lun and Dr. Jin Lizuo and an executive Director, Mr. Fu Yuanhong who is the chairman of the nomination committee. The roles and functions of the nomination committee include nomination of potential candidates for directorship, reviewing the nomination of the Directors and making recommendations to the Board for ensuring that all nominations are fair and transparent.

Connected transactions

Details of the material related party transactions undertaken in the ordinary course of business by the Group during the Year are set out in note 36 to the consolidated financial statements, which constituted connected transactions of the Group but was fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Auditors

The accounts for the Year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

There was no change of auditors of the Company in the past 3 years.

Compliance with relevant laws and regulations

The Company has been in compliance with relevant laws and regulations that have a significant impact on the Company.

On behalf of the Board

Fu Yuanhong
Chairman

Hong Kong, 23 June 2020

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF DADI INTERNATIONAL GROUP LIMITED
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Dadi International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 138, which comprise the consolidated statement of financial position as at 31 March 2020, 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 2020, 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 *Auditors' 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.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on goodwill	
Refer to notes 4 and 20 to the consolidated financial statements. The Group has goodwill with carrying amounts of approximately HK$7,721,000 which is allocated to the cash-generating-units of advertising and media related services ("CGUs") as at 31 March 2020. Management performed impairment assessment of CGUs and concluded that no impairment loss was provided on the goodwill. This conclusion was based on value-in-use model that required management judgement with respect to the discount rate and underlying cash flows, in particular future revenue growth and capital expenditure. Independent external valuation report was obtained in order to support management's estimates.	Our procedures in relation to management's impairment assessment of the Group's goodwill included: • Evaluating the independent external valuer's competence, capabilities and objectivity; • Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the relevant industry and discussion with independent external valuer; • Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and • Checking on a sample basis, the accuracy and relevance of the input data used. Based on the procedures performed, we found management's estimates and judgement made in respect of the impairment assessment on goodwill were supported by available evidence.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Assessment of expected credit losses ("ECL") of trade and other receivables and deposits, deposit for film production and deposit for purchase of film rights	
Refer to notes 4, 22 and 23 to the consolidated financial statements. As at 31 March 2020, the Group had trade and other receivables and deposits, deposit for film production and deposit for purchase of film rights of gross amount approximately HK$956,240,000, HK$137,059,000 and HK$35,372,000 respectively, with provision of ECL of HK$8,478,000, HK$2,882,000 and HK$1,788,000 respectively. The Group assessed whether the credit risk of trade and other receivables and deposits, deposit for film production and deposit for purchase of film rights have increased significantly since their initial recognition, and apply a three-stage impairment model to calculate their ECL. In assessing the provision of ECL, management exercise significant judgment on the selection of unobservable data inputs to this three-stage impairment model including probability of default, exposure at default, loss given default and discount rate. We focused on ECL assessment due to the materiality of the balances of trade and other receivables and deposits, deposit for film production and deposit for purchase of film rights and the provision of ECL, and the assessment of ECL involves critical accounting estimates and judgments.	Our procedures in relation to management's assessment of ECL of trade and other receivables and deposits, deposit for film production and deposit for purchase of film rights included: • Understanding and evaluating the modeling methodologies used by management for measuring expected credit losses; assessed key parameters and assumptions made by management with reference to the relevant historical credit loss data of the Group, observable external economic data and discussion with independent external valuer; • For historical information, discussing with management to understand their process of assessing risk of default and identifying significant deterioration in credit risk. Corroborating management's explanation with supporting evidence, including comparing, on a sample basis, the fair value of the collaterals against the margin loans at year end date. We also assessed, on a sample basis, the fair value of the collaterals at year end date against the relevant market data; and • For forward-looking information, reviewing the appropriateness of economic indicators selected by management; evaluating the economic scenarios and the underlying probability weightings applied by management; testing the resulting calculation of the economic indicators determined thereby. Based on the procedures performed, we found management's estimates and judgement made in respect of allowance for expected credit losses for the trade and other receivables and deposits, deposit for film production and deposit for purchase of film rights to be supportable by available evidence.

Independent Auditors' Report

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon. ("Other Information").

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.

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

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' 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 auditors' report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda 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 exits. 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.

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- 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 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 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, related safeguards.

From the matters communicated with 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 auditors' 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.

The engagement director on the audit resulting in this independent auditors' report is Hon Koon Fai, Alex.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising Certificate Number: P05029

Hong Kong, 23 June 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue	8	**1,225,016**	107,159
Cost of sales		**(1,003,532)**	(91,562)
Gross profit		**221,484**	15,597
Other gains or losses, net	9	**2,698**	3
Administrative expenses		**(43,589)**	(38,608)
Allowance for expected credit losses, net		**(2,038)**	(9,866)
Impairment loss recognised in respect of goodwill	20	**–**	(9,500)
Profit/(loss) from operations	11	**178,555**	(42,374)
Finance costs	12	**(45,408)**	(3,795)
Profit/(loss) before taxation		**133,147**	(46,169)
Income tax expense	13	**(40,986)**	(1,618)
Profit/(loss) for the year		**92,161**	(47,787)
Other comprehensive income/(expense) for the year			
Items that will not be reclassified to profit or loss:			
Fair value loss on financial assets at fair value through other comprehensive income		**(1,335)**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(31,778)**	(21,931)
Other comprehensive expense for the year, net of income tax		**(33,113)**	(21,931)
Total comprehensive income/(expense) for the year		**59,048**	(69,718)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Profit/(loss) for the year attributable to:			
Owners of the Company		**34,588**	(42,680)
Non-controlling interests		**57,573**	(5,107)
		92,161	(47,787)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**3,787**	(59,678)
Non-controlling interests		**55,261**	(10,040)
		59,048	(69,718)
Earnings/(loss) per share			
Basic and diluted	17	**HK0.97 cents**	HK(1.30) cents

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	18	**2,728**	4,420
Right-of-use assets	19	**7,290**	–
Goodwill	20	**7,721**	7,721
Financial assets at fair value through other comprehensive income	26	**26,227**	200
Intangible asset	21	**9,767**	10,852
		53,733	23,193
Current assets			
Trade and other receivables and deposits	22	**947,762**	377,319
Deposit for film production	23	**134,177**	144,333
Deposit for purchase of film rights	23	**33,584**	36,012
Financial assets at fair value through profit or loss	25	**2**	2
Bank balances and cash	27	**55,871**	57,605
		1,171,396	615,271
Current liabilities			
Trade and other payables	28	**93,426**	119,428
Borrowings	29	**–**	22,329
Obligation under finance leases	31	**–**	748
Lease liabilities	30	**5,597**	–
Tax payable		**40,636**	5,646
		139,659	148,151
Net current assets		**1,031,737**	467,120
Total assets less current liabilities		**1,085,470**	490,313

Consolidated Statement of Financial Position

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Capital and reserves			
Share capital	32	**35,649**	35,649
Reserves		**448,263**	444,476
Equity attributable to owners of the Company		**483,912**	480,125
Non-controlling interests	39	**51,903**	10,188
		535,815	490,313
Non-current liabilities			
Borrowings	29	**547,226**	–
Lease liabilities	30	**2,429**	–
		549,655	–
Total equity and non-current liabilities		**1,085,470**	490,313

The consolidated financial statements were approved and authorised for issue by the board of directors on 23 June 2020 and signed on its behalf by:

Fu Yuanhong
Director

Wu Xiaoming
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Attributable to the owners of the Company										
	Issued capital	Share premium	Contributed surplus	Share-based compensation reserve	Statutory reserve	Revaluation reserve	Translation reserve	Accumulated losses	Subtotal	Non-controlling interests	Total equity
		Note (i)	*Note (ii)*	*Note (iii)*	*Note (iv)*	*Note (v)*	*Note (vi)*				
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2018	32,409	1,770,215	325,798	11,023	1,318	–	38,217	(1,694,297)	484,683	18,316	502,999
Impact of adoption of HKFRS 9	–	–	–	–	–	–	–	(978)	(978)	(266)	(1,244)
At 1 April 2018 (Restated)	32,409	1,770,215	325,798	11,023	1,318	–	38,217	(1,695,275)	483,705	18,050	501,755
Loss for the year	–	–	–	–	–	–	–	(42,680)	(42,680)	(5,107)	(47,787)
Other comprehensive expense for the year											
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	(16,998)	–	(16,998)	(4,933)	(21,931)
Total comprehensive expense for the year	–	–	–	–	–	–	(16,998)	(42,680)	(59,678)	(10,040)	(69,718)
Lapse of share options	–	–	–	(3,221)	–	–	–	3,221	–	–	–
Capital contribution from non-controlling interest	–	–	–	–	–	–	–	–	–	2,178	2,178
Issue of shares	3,240	54,446	–	–	–	–	–	–	57,686	–	57,686
Share issuing expense	–	(1,588)	–	–	–	–	–	–	(1,588)	–	(1,588)
At 31 March 2019 and 1 April 2019	35,649	1,823,073	325,798	7,802	1,318	–	21,219	(1,734,734)	480,125	10,188	490,313
Profit for the year	–	–	–	–	–	–	–	34,588	34,588	57,573	92,161
Other comprehensive expense for the year	–	–	–	–	–	(1,093)	(29,708)	–	(30,801)	(2,312)	(33,113)
Total comprehensive income/(expense) for the year	–	–	–	–	–	(1,093)	(29,708)	34,588	3,787	55,261	59,048
Lapse of share options	–	–	–	(7,802)	–	–	–	7,802	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	5,569	5,569
Dividend declared and paid	–	–	–	–	–	–	–	–	–	(19,115)	(19,115)
Transfer to statutory reserve	–	–	–	–	5,621	–	–	(5,621)	–	–	–
At 31 March 2020	**35,649**	**1,823,073**	**325,798**	**–**	**6,939**	**(1,093)**	**(8,489)**	**(1,697,965)**	**483,912**	**51,903**	**535,815**

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

Notes:

(i) Share premium

After the change of domicile, the application of share premium account is governed by the relevant provisions set out in the Company's Bye-laws and the Companies Act.

(ii) Contributed surplus

The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares of the Company issued for the acquisition at the time of the reorganisation of the Group.

The contributed surplus of the Company represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares of the Company issued in exchange pursuant to the reorganisation of the Group.

(iii) Share-based compensation reserve

The share-based compensation reserve of the Company and the Group arise on the grant of share options of the Company and is dealt with in accordance with the accounting policies set out in note 4.

(iv) Statutory reserve

The statutory reserve of the Group refers to the PRC statutory reserve fund. Appropriations to such reserve fund are made out of profit after tax as recorded in the statutory financial statements of the PRC subsidiaries. The amount should not be less than 10% of the profit after tax as recorded in the statutory financial statements unless the aggregate amount exceeds 50% of the registered capital of the PRC subsidiaries. The statutory reserve can be used to make up prior year losses, if any, and can be applied in conversion into the PRC subsidiaries' capital by means of capitalisation issue.

(v) Revaluation reserve

Revaluation reserve of the Group comprises all differences arising from the fair value changes of the financial assets at fair value through other comprehensive income. The reserve is dealt with in accordance with the accounting policies set out in note 4.

(vi) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Operating activities			
Profit/(loss) before taxation		**133,147**	(46,169)
Adjustments for:			
Interest income	9	**(370)**	(64)
Foreign exchange gain, net	11	**(23)**	(34)
Interest expenses	12	**45,408**	3,795
Amortisation of intangible asset	11	**1,085**	–
Depreciation of property, plant and equipment	11	**1,819**	2,779
Depreciation of right-of-use assets	11	**5,116**	–
Loss on disposal of property, plant and equipment	9	**57**	363
Allowance for expected credit losses, net	11	**2,038**	9,866
Impairment loss recognised in respect of goodwill	20	**–**	9,500
Rent concession income	9	**(84)**	–
Operating cash flows before movements in working capital		**188,193**	(19,964)
Increase in trade and other receivables and deposits		**(653,060)**	(59,579)
Decrease in deposit for film production		**–**	33,522
Decrease in finance lease receivables – net		**–**	5,905
(Decrease)/increase in trade and other payables		**(21,063)**	46,146
Cash (used in)/generated from operating activities		**(485,930)**	6,030
Tax paid		**(4,880)**	(1,200)
Net cash (used in)/generated from operating activities		**(490,810)**	4,830

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Investing activities			
Interest received	9	**370**	64
Proceeds from disposal of property, plant and equipment		**40**	9
Purchase of intangible asset		**–**	(10,852)
Purchase of property, plant and equipment	18	**(513)**	(138)
Net cash used in investing activities		**(103)**	(10,917)
Financing activities			
Interest expenses paid		**(44,528)**	(3,795)
Proceeds from borrowings		**556,440**	1,653
Repayment of borrowings		**(2,329)**	(7,261)
Capital contribution from non-controlling interests		**5,569**	2,178
Share issuing expense		**–**	(1,588)
Repayment of lease liabilities		**(5,794)**	–
Proceeds from issue of shares		**–**	57,686
Dividend paid to non-controlling interests		**(19,115)**	–
Net cash generated from financing activities		**490,243**	48,873
Net (decrease)/increase in cash and cash equivalents		**(670)**	42,786
Cash and cash equivalents at beginning of the year		**57,605**	16,404
Effect of foreign exchange rate changes		**(1,064)**	(1,585)
Cash and cash equivalents at end of the year			
Bank balances and cash	27	**55,871**	57,605

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 9 November 2001 and continued in Bermuda on 20 April 2009. The Company's shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 August 2002. The ultimate holding company is 山西省國有資本投資運營有限公司, a company incorporated in the People's Republic of China (the "PRC").

The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit 1504-1506, 15th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in note 39.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Early adoption of amendments to HKFRSs

The following amendments to HKFRSs, which is applicable to the Group but are not yet effective for the current year, have been early adopted in current year:

Amendments to HKFRS 16	COVID-19-Related Rent Concession

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") *(continued)*

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or disclosures set out in these consolidated financial statements.

HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17") and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") *(continued)*

HKFRS 16 Leases *(continued)*

As a lessee *(continued)*

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts: *(continued)*

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rates applied by the relevant group entities range from 5.3% to 10.6%.

Lessee accounting and transitional impact

The following table reconciles the operating lease commitments as disclosed in note 35 as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	At 1 April 2019
	HK$'000
Operating lease commitments disclosed as at 31 March 2019	8,389
Discounted using the incremental borrowing rate of the date of initial recognition	(110)
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application	(2,355)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	5,924
Add: Obligations under finance leases recognised at 31 March 2019 (Note)	748
Lease liabilities as at 1 April 2019	6,672
Analysed as:	
Non-current	3,362
Current	3,310
	6,672

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") *(continued)*

HKFRS 16 *Leases* *(continued)*

As a lessee *(continued)*

Lessee accounting and transitional impact *(continued)*

The carrying amount of right-of-use assets for own use as at 1 April 2019 comprises the following:

	Right-of-use assets HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	5,924
Amounts included in property, plant and equipment under HKAS 17	
– Assets previously under finance leases (Note)	598
	6,522
By class:	
Leased buildings	5,924
Leased motor vehicles	598
	6,522

Note:

In relation to assets previously under finance leases, the Group reclassified the carrying amounts of the relevant assets which were still under finance lease as at 1 April 2019 amounting to HK$598,000. In addition, the Group reclassified the obligations under finance leases of approximately HK$748,000 as current lease liabilities at 1 April 2019.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") *(continued)*

HKFRS 16 *Leases* *(continued)*

As a lessee *(continued)*

Lessee accounting and transitional impact *(continued)*

The following table summarised the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position as at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amount previously reported at 31 March 2019	**Reclassification**	**Adjustments**	**Carrying amount under HKFRS 16 at 1 April 2019**
	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	4,420	(598)	–	3,822
Right-of-use assets	–	598	5,924	6,522
Total non-current assets	23,193	–	5,924	29,117
Obligation under finance leases	748	(748)	–	–
Lease liabilities (current)	–	748	2,562	3,310
Total current liabilities	148,151	–	2,562	150,713
Net current assets	467,120	–	(2,562)	464,558
Total assets less current liabilities	490,313	–	3,362	493,675
Lease liabilities (non-current)	–	–	3,362	3,362
Total non-current liabilities	–	–	3,362	3,362

Amendments to HKFRS 16 COVID-19-Related Rent Concession

The Group has elected the practical expedient to apply amendments to HKFRS 16 to account for any change in lease payments resulting from the rent concession occurring as a direct consequence of the COVID-19 pandemic.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") *(continued)*

Amendments to HKFRS 16 COVID-19-Related Rent Concession *(continued)*

The Group has applied the practical expedient to rent concession that meet all of the following conditions:

a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

c) there is no substantive change to other terms and conditions of the lease.

The rent concession recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2020 amounted to HK$84,000.

3. NEW AND AMENDMENTS TO HKFRSs THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

[1] Effective for annual periods beginning on or after 1 January 2021.
[2] Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in HKFRS Standards* will be effective for annual periods beginning on or after 1 January 2020.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, HKASs and Interpretations ("Ints") issued by the HKICPA.

In addition, the consolidated financial statements include disclosures requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and the Hong Kong Companies Ordinance.

Basis of preparation

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 7.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 April 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of preparation *(continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Business combination

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combination *(continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another HKFRSs.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") (or groups of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the groups of CGUs) retained.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms or 20%
Showroom equipment	33%
Office equipment	20% – 33%
Furniture and fixtures	20% – 33%
Motor vehicles	20% – 25%

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Leases (upon application of HKFRS 16 in accordance with transitions in note 2)

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract 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 component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases (upon application of HKFRS 16 in accordance with transitions in note 2) *(continued)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) *(continued)*

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases (upon application of HKFRS 16 in accordance with transitions in note 2) *(continued)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) *(continued)*

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* ("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.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases (upon application of HKFRS 16 in accordance with transitions in note 2) *(continued)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) *(continued)*

Lease liabilities *(continued)*

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The lease liability is presented as a separate line in the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Amendments to HKFRS 16 COVID-19-Related Rent Concession (upon early adoption with disclosure in Note 2)

The Group has elected the practical expedient to apply amendments to HKFRS 16 to account for any change in lease payments resulting from the rent concession occurring as a direct consequence of the COVID-19 pandemic.

The Group has applied the practical expedient to rent concession that meet all of the following conditions:

a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to apply the practical expedient and applied it consistently to all lease contracts with similar characteristics and in similar circumstances.

Leasing (prior to 1 April 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing (prior to 1 April 2019) *(continued)*

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combination* applies.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments/receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in OCI and accumulated under the heading of revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (continued)

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits/will continue to be held in the revaluation reserve.

Dividends from these investments in equity instruments are recognised 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 other income line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains or losses, net" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including trade and other receivables and deposits, deposit for film production, deposit for purchase of film rights and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets *(continued)*

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually and/or collectively using a provision matrix with appropriate groupings.

For all other instruments (including trade and other receivables and deposits, deposit for film production, deposit for purchase of film rights and bank balances and cash), the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

(i) Significant increase in credit risk *(continued)*

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 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 1-year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event;

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets *(continued)*

(iii) Credit-impaired financial assets *(continued)*

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

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

(v) **Measurement and recognition of ECL** *(continued)*

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables other receivables and deposits, deposit for film production and deposit for purchase of film rights are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, borrowings, obligation under finance leases and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, (where appropriate), a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis for financial liabilities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of property, plant and equipment, right-of-use assets, and intangible asset are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value 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 assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Film rights

Film rights represent films produced by the Group or acquired by the Group which are initially recognised at cost.

Film rights purchased through acquisition are initially measured as the fair value of the consideration given for the recognition of the film rights.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Film rights *(continued)*

Film rights are stated at cost less accumulated amortisation and accumulated impairment losses. The cost of film rights are amortised over their estimated useful lives upon release of the film. Film rights not ready for release are not subject to amortisation and are tested annually for impairment.

The carrying amount of film rights is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Film production in progress

Film production in progress are accounted for on a film-by-film basis and are stated at cost less accumulated impairment losses, if any. Cost of film production in progress includes production costs, costs of services, direct labour costs, facilities and raw materials consumed in the creation of a film. Upon completion, these films under production are reclassified as film rights.

Revenue from contracts with customers

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers *(continued)*

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or services.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation:

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers *(continued)*

Revenue and other income recognition

(i) Finance leasing

The income under finance lease is recognised in the consolidated statement of profit or loss using the effective interest rate implicit in the lease over the term of the lease.

(ii) Financial services

Revenue from financial services is recognised over time using output method, over the period of services provided. Revenue is recognised on the basis of direct measurement of the value of the services transferred to the customer to date relative to the remaining services promised under the contract.

(iii) Provision of advertising and media related services

Revenue from provision of advertising and media related services is recognised overtime using output method, over the period of advertising service provided. Revenue is recognised on the basis of direct measurement of the value of the services transferred to the customer to date relative to the remaining services promised under the contract.

(iv) Publication, purchase and distribution of books

For publication, purchase and distribution of books to customer, revenue is recognised when control of the books has transferred, being when the books have been delivered to the wholesaler's specific location (delivery).

(v) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as "interest income" where it is mainly earned from financial assets that are held for cash management purposes.

(vi) Administrative services fee income

Administrative services fee income is recognised when the relevant services have been rendered and completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong.

Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Company's subsidiaries operating in the PRC are members of retirement benefits schemes (the "PRC RB Schemes") managed by the local municipal governments. The PRC subsidiaries are required to contribute to the PRC RB Schemes to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefit obligation of all existing and future retired employees of the PRC subsidiaries. The only obligation of the PRC subsidiaries with respect to the PRC RB Schemes is to meet the required contributions under the PRC RB Schemes. The contribution are charged to the profit or loss as they become payable in accordance with the relevant laws and regulations of the PRC.

Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share-based compensation reserve with equity. The fair value is measured at grant date using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Share-based payments *(continued)*

During the vesting period, the number of share options expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the consolidated statement of profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based compensation reserve.

On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Deferred tax *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively when current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provisions

Provisions are recognised when the Group has a present obligation (legal and constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the reporting period in which they arise, except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange difference on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributable to non-controlling interests as appropriate).

On the disposal of a foreign operation all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals (i.e. partial disposal of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in entity under the heading of translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

A related party is a person or entity that is considered to be related to the Group if:

(a) A person or a close member of that person's family is related to the Group if that person:

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

(ii) has significant influence over the Group; or

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

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

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

(iii) both entities are joint ventures of the same third party;

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

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

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

(vii) a person identified (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); and

(viii) the entity, or any member of a group 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's executive directors, being the chief operating decision maker, for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2019.

The directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing (including current and non-current liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

5. CAPITAL MANAGEMENT *(continued)*

Gearing ratio

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The gearing ratios at 31 March 2020 and 31 March 2019 were as follows:

	2020	2019
	HK$'000	HK$'000
Total debt (Note a)	**555,252**	142,505
Less: cash and cash equivalents	**(55,871)**	(57,605)
Net debt	**499,381**	84,900
Equity (Note b)	**535,815**	490,313
Net debt to equity ratio	**93.2%**	17.3%
Total debt to equity ratio	**103.6%**	29.1%

Notes:

(a) Debt included borrowings, lease liabilities and obligation under finance leases, as detailed in notes 29, 30 and 31, respectively.

(b) Equity included all capital and reserves of the Group.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2020 HK$'000	2019 HK$'000
Financial assets		
Financial assets at FVTOCI	**26,227**	200
Financial assets at FVTPL	**2**	2
Financial assets at amortised cost	**873,792**	594,532
Financial liabilities		
Financial liabilities at amortised cost	**648,678**	142,505

Fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively;
- the fair values of derivative instruments are calculated using quoted prices. When such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair values is observable:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2020				
Assets				
Financial assets at FVTOCI	**–**	**–**	**26,227**	**26,227**
Financial assets at FVTPL	**2**	**–**	**–**	**2**
At 31 March 2019				
Assets				
Financial assets at FVTOCI	–	–	200	200
Financial assets at FVTPL	2	–	–	2

6. FINANCIAL INSTRUMENTS *(continued)*

Fair value measurement *(continued)*

Type	Fair value hierarchy	Valuation technique and key input	Significant unobservable inputs	Sensitivity analysis
Financial assets				
FVTOCI				
Trust guarantee fund 2020: approximately HK$4,981,000 (2019: HK$ nil)	Level 3	Discounted Cash Flow Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the the pledged security fund, based on an appropriate discount rate	Discount rate of approximately 8.42%	Note (i)
Unlisted equity securities 2020: approximately HK$21,246,000 (2019: HK$200,000)	Level 3	Market Approach The price to earnings ratio of the comparable companies are considered in the valuation to reflect the condition that there may be premium or discount on its carrying value Discount for lack of marketability, determined with reference to the market research performed by Stout Risius Ross, LLC.	Price-to-earnings multiple of approximately 15.2 times, discount for lack of marketability of approximately 20.6%	Note (ii)
FVTPL				
Listed equity securities 2020: approximately HK$2,000 (2019: HK$2,000)	Level 1	Quoted bid price in an active market	N/A	

Notes:

(i) An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the trust guarantee fund, and vice versa. A 5% change in the discount rate holding all other variables constant would change the recoverable amounts of trust guarantee fund by HK$26,000.

(ii) An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the unlisted equity securities, and vice versa. A 5% change in the discount rate holding all other variables constant would change the recoverable amounts of unlisted equity investments by HK$1,846,000.

6. FINANCIAL INSTRUMENTS *(continued)*

Fair value measurement *(continued)*

The reconciliation of Level 3 fair value measurements is as following:

	Trust guarantee fund	Unlisted equity securities	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2018, 31 March 2019 and 1 April 2019	–	200	200
Investment in financial assets at FVTOCI	5,621	22,482	28,103
Net unrealised losses recognised in OCI	(492)	(843)	(1,335)
Exchange alignment	(148)	(593)	(741)
As at 31 March 2020	4,981	21,246	26,227

Included in OCI is an amount of HK$1,335,000 loss relating to financial assets at FVTOCI held at the end of the current reporting period and is reported as revaluation reserve.

There were no transfer between Level 1, 2 and 3 in both years.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Financial risk management objectives and policies

Details of the financial instruments for both the Group are disclosed in respective notes to the financial statements. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's and the Company's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

The Group's major financial instruments include financial assets at FVTOCI, financial assets at FVTPL, trade and other receivables and deposits, deposit for film production, deposit for purchase of film rights, bank balances and cash, trade and other payables, borrowings, lease liabilities and obligation under finance leases. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and 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.

There has been no change to the Group's risk exposure relating to financial instruments or the manner in which it manages and measures the risks.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and deposits, deposit for film production, deposit for purchase of film rights. Management of the Company has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In relation to the Group's bank balance and cash, the Group limits its exposure to credit risk by placing deposits with financial institutions with high credit rating and no recent history of default. The directors of the Company consider that the Group's credit risk on the bank deposits is low. Management continues to monitor the position and will take appropriate action if their ratings should change. As at 31 March 2020 and 2019, the Group has no significant concentration of credit risk in relation to deposits with bank.

In respect of trade and other receivables, the credit periods usually vary from one month to twelve months depending on the nature of the business. Extension may be granted to major customers and each customer is granted a maximum credit limit. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and also taking into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Given the constant repayment history, the directors are of the option that the risk of default by these counter parties is not significant. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted and all overdue balances are reviewed regularly by the management of the Company. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry and country in which customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, the Group has certain concentration of credit risk as 91.87% (2019: 5%) and 97.45% (2019: 27.6%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. The Group does not provide any guarantees which would expose the Group or the Company to credit risk.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

The Group considers the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

For deposits and other receivables, the Group applies either a 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivables has occurred since initial recognition then impairment is measured as lifetime expected credit losses.

In determining the 12-month or lifetime expected credit loss for these receivables, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical payment experience and the corresponding historical credit loss rates, and adjusted for forward-looking macroeconomic data. In assessing whether the credit risk on these receivables have increased significantly since initial recognition, the Group compares the risk of a default occurring on these receivables as at the reporting date with the risk of default occurring on these receivables as at the date of initial recognition. Management would re-assess these factors periodically for any deterioration or improvement indications to determine if credit risk from these receivables has increased or decreased.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

The table below presents the credit risk exposure of the Group's financial assets, which subject to ECL assessment.

	Trade receivables HK$'000	Other receivables and deposits HK$'000	Deposit for film production HK$'000	Deposit for purchase of film rights HK$'000	Total HK$'000
Gross carrying amount, as at 31 March 2020					
Low risk (12-month ECL)	145	2,575	–	–	2,720
Doubtful (Lifetime ECL – non credit-impaired)	1,020	3,914	–	–	4,934
Loss (Lifetime ECL – credit-impaired)	824	–	2,882	1,788	5,494
	1,989	6,489	2,882	1,788	13,148
Gross carrying amount, as at 31 March 2019					
Low risk (12-month ECL)	132	113	–	–	245
Doubtful (Lifetime ECL – non credit-impaired)	906	6,036	2,135	1,788	10,865
	1,038	6,149	2,135	1,788	11,110

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

The closing balance of allowances for expected credit losses of trade and other receivables and deposits, deposit for film production and deposit for purchase of film rights as at 31 March 2020 and 2019 reconcile to the opening loss allowances as follows:

	12m ECL HK$'000	Lifetime ECL (non credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
Trade receivables				
As at 1 April 2018	67	–	–	67
– Transfer to non-credit impaired	(67)	67	–	–
– Allowance for expected credit losses recognised	132	839	–	971
As at 31 March 2019 and 1 April 2019	132	906	–	1,038
– Transfer to credit-impaired	–	(824)	824	–
– Allowance for expected credit losses recognised	13	938	–	951
As at 31 March 2020	145	1,020	824	1,989
Other receivables and deposits				
As at 1 April 2018	828	–	–	828
– Transfer to non-credit impaired	(828)	828	–	–
– Allowance for expected credit losses recognised	113	5,208	–	5,321
As at 31 March 2019 and 1 April 2019	113	6,036	–	6,149
– Allowance for expected credit losses recognised	2,462	(2,122)	–	340
As at 31 March 2020	2,575	3,914	–	6,489

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

	12m ECL HK$'000	Lifetime ECL (non credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
Deposit for film production				
As at 1 April 2018	308	–	–	308
– Transfer to non-credit impaired	(308)	308	–	–
– Allowance for expected credit losses recognised	–	1,827	–	1,827
As at 31 March 2019 and 1 April 2019	–	2,135	–	2,135
–Transfer to credit-impaired	–	(2,135)	2,135	–
– Allowance for expected credit losses recognised	–	–	747	747
As at 31 March 2020	–	–	2,882	2,882
Deposit for purchase of film rights				
As at 1 April 2018	41	–	–	41
– Transfer to non credit-impaired	(41)	41	–	–
– Allowance for expected credit losses recognised	–	1,747	–	1,747
As at 31 March 2019 and 1 April 2019	–	1,788	–	1,788
– Transfer to credit-impaired	–	(1,788)	1,788	–
As at 31 March 2020	–	–	1,788	1,788

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. 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 committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

The Group monitors and maintains a level of cash and cash equivalents considered adequate by the directors of the Company to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group held cash and cash equivalents amounting to approximately HK$55,871,000 at 31 March 2020 (2019: HK$57,605,000).

The following table details the Group's remaining contractual maturity at the end of the reporting period of the Group's financial liabilities based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date on which the Group was required to pay. The analysis is performed on the same basis for 2019.

	Weighted average effective Interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total contractual undiscounted cash flows	Total carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2020							
Trade and other payables	**–**	**93,426**	**–**	**–**	**–**	**93,426**	**93,426**
Borrowings	**10.2**	**57,415**	**560,622**	**–**	**–**	**618,037**	**547,226**
Lease liabilities	**9.2**	**6,105**	**2,543**	**–**	**–**	**8,648**	**8,026**
		156,946	**563,165**	**–**	**–**	**720,111**	**648,678**
2019							
Trade and other payables	–	119,428	–	–	–	119,428	119,428
Borrowings	10.7	25,329	–	–	–	25,329	22,329
Obligation under finance leases	14.4	752	–	–	–	752	748
		145,509	–	–	–	145,509	142,505

Interest rate risk

The Group does not have material exposure to interest rate risk, as the Group has no financial assets and liabilities of material amounts with floating interest rates except for deposits held in the banks. Cash at bank earns interest at floating rates based on the daily bank deposits rates during the year. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group.

The Group monitors the interest rate exposure on a continuous basis and adjusts the portfolio of bank saving balances and borrowings where necessary.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Foreign currency risk

The Group mainly operates in Hong Kong and the PRC and is exposed to currency risk primarily through bank balances and cash that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transaction relate. The currencies giving rise to this risk are primarily Renminbi ("RMB") and United States Dollars ("USD"). Foreign currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Certain cash and bank balances are denominated in RMB and USD. The conversion of RMB into other currencies is subject to the rules and regulations of foreign exchange control promulgated by the government of the PRC. The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB and USD. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

There is no material foreign exchange risk noted for the Group as:

– as HK$ are pegged to USD, it is assumed that there would be no material currency risk exposure between these two currencies;

– the transactions of the Company are mainly denominated in HK$, which is the functional currencies of the Company; and

– the operations and customers of the Group's subsidiaries are mainly located in Hong Kong and the PRC with most of the operating assets and transactions denominated and settled in RMB and HK$ which are the functional currencies of the Group's subsidiaries.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Depreciation of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual value. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and in future periods.

Impairment of property, plant and equipment and right-of-use assets

The recoverable amount of an asset is the greater of its net selling price 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 assessments of the time value of money and the risk specific to the asset, which requires significant judgement relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

Provision of ECL for financial assets carried at amortised cost

The Group determined the provision of ECL for financial assets carried at amortised costs based on the expected credit losses of these financial assets. The Group applies significant judgement in the determination of the impairment model and the use of parameters. The Group also uses significant judgement in its assessment on whether there is any significant increase in credit risk of these receivables. The Group makes assumptions on the economic indicators for forward-looking information and the application of economic scenarios and probability weightings.

Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the CGUs to which goodwill and intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Income tax

Certain treatments adopted by the Company in its tax returns in the past years are yet to be finalised with the Hong Kong Inland Revenue Department and other jurisdiction. In assessing the Company's income tax and deferred tax during the current year, the Company has followed the tax treatments it has adopted in those tax returns, which may be different from the final outcome in due course.

Share-based payments

The fair value of option granted is estimated by independent professional valuers based on the various assumptions on volatility, life of options, dividend paid out rate and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair value of the share options or share award at the date of granting.

8. REVENUE

Revenue represents the net amounts received and receivables from goods sold and rendering of services by the Group to customers, excludes value added tax or other sales tax. Disaggregation of revenue from contracts with customers by major products is as follows:

	2020	2019
	HK$'000	HK$'000
Revenue from contract with customers		
Over time		
Financial services	**851**	1,730
Provision of advertising and media related services	**101,158**	104,497
	102,009	106,227
At a point in time		
Publication, purchase and distribution of books	**1,123,007**	–
Other sources		
Finance lease	**–**	932
Total	**1,225,016**	107,159

Financial services and provision of advertising and media related services are typically provided for a period of one year. As permitted under HKFRS 15, the transaction prior allocated to these unsatisfied contract is not disclosed.

9. OTHER GAINS OR LOSSES, NET

	2020	2019
	HK$'000	HK$'000
Interest income on:		
Bank deposits	**334**	64
Financial assets at fair value through other comprehensive income	**36**	–
Total interest income	**370**	64
Management fee income	**–**	302
Administrative services fee income	**2,301**	–
Loss on disposal of property, plant and equipment	**(57)**	(363)
Rent concession income	**84**	–
Total	**2,698**	3

10. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Advertising and media related services: Engaged in designing, production, acting as agency and placement of advertisements, information consulting and marketing planning in Hong Kong and the PRC.

(ii) Financial leasing and other financial services: Provision of financial leasing and other financial services in the PRC.

(iii) Publication, purchase and distribution of books: Engaged in publication, purchase and distribution of books in the PRC.

For the purposes of assessing segment performances and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment revenues and results

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessments of segment performance for the years ended 31 March 2020 and 2019 is set out below:

	Advertising and media related services		**Financial leasing and other financial services**		**Publication, purchase and distribution of books**		**Total**	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue								
Sales to external customers	**101,158**	104,497	**851**	2,662	**1,123,007**	–	**1,225,016**	107,159
Segment results	**11,257**	(2,507)	**(12,058)**	(9,895)	**155,554**	–	**154,753**	(12,402)
Unallocated other gains and losses, net							**79**	358
Unallocated expenses							**(21,120)**	(30,330)
Profit/(loss) from operations							**133,712**	(42,374)
Finance costs							**(565)**	(3,795)
Profit/(loss) before taxation							**133,147**	(46,169)
Income tax expense							**(40,986)**	(1,618)
Profit/(loss) for the year							**92,161**	(47,787)

10. SEGMENT INFORMATION *(continued)*

Segment revenues and results *(continued)*

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in note 4. Segment results represent the profit/(loss) of each segment without allocation of central administration cost including directors' remuneration, certain other gains or losses, net, certain finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	Advertising and media related services		Financial leasing and other financial services		Publication, purchase and distribution of books		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**331,776**	389,519	**102,506**	148,500	**661,618**	–	**1,095,900**	538,019
Unallocated assets							**129,229**	100,445
Total assets							**1,225,129**	638,464
Segment liabilities	**56,554**	68,843	**26,171**	33,601	**587,815**	–	**670,540**	102,444
Unallocated liabilities							**18,774**	45,707
Total liabilities							**689,314**	148,151

10. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities *(continued)*

For the purpose of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than certain property, plant and equipments, certain right-of-use assets, financial assets at FVTOCI, financial assets at FVTPL and other unallocated head office and corporate financial assets. Goodwill is allocated to reportable segments; and

– all liabilities are allocated to reportable segments other than certain lease liabilities, current tax liabilities, other unallocated head office and corporate financial liabilities and borrowings.

Other segment information

	Advertising and media elated services		Financial leasing and other financial services		Publication, purchase and distribution of books		Subtotal		Unallocated		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest expenses	**–**	(591)	**–**	–	**(44,843)**	–	**(44,843)**	(591)	**(565)**	(3,204)	**(45,408)**	(3,795)
Addition to non-current assets*	**126**	10,921	**11**	55	**3,231**	–	**3,368**	10,976	**3,619**	14	**6,987**	10,990
(Allowance for)/reversal of expected credit losses, net	**3,543**	(6,563)	**(535)**	(457)	**(3,238)**	–	**(230)**	(7,020)	**(1,808)**	(2,846)	**(2,038)**	(9,866)
Depreciation of property, plant and equipment	**(522)**	(35)	**(1,214)**	(1,907)	**(35)**	–	**(1,771)**	(1,942)	**(48)**	(837)	**(1,819)**	(2,779)
Depreciation of right-of-use assets	**(118)**	–	**–**	–	**(1,008)**	–	**(1,126)**	–	**(3,990)**	–	**(5,116)**	–
Amortisation of intangible asset	**(1,085)**	–	**–**	–	**–**	–	**(1,085)**	–	**–**	–	**(1,085)**	–

* Non-current assets excluded those relating to financial instruments.

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets* ("specified non-current assets"). The geographical location of customers is based on the location of the revenue derived, and the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

The Group operates in two principal geographical areas – Hong Kong and the PRC (excluding Hong Kong).

10. SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets*	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**101,158**	97,379	**21,551**	12,167
The PRC	**1,123,858**	9,780	**5,955**	10,826
	1,225,016	107,159	**27,506**	22,993

* Non-current assets excluded those relating to financial instruments.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2020	2019
	HK$'000	HK$'000
Customer A[1]	**N/A[3]**	24,039
Customer B[1]	**N/A[3]**	23,028
Customer C[1]	**N/A[3]**	20,737
Customer D[1]	**N/A[3]**	15,245
Customer E[1]	**N/A[3]**	14,243
Customer F[2]	**699,730**	N/A[3]
Customer G[2]	**423,277**	N/A[3]

[1] Revenue from advertising and media related services

[2] Revenue from publication, purchase and distribution of books

[3] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

11. PROFIT/(LOSS) FROM OPERATIONS

The Group's profit/(loss) from operations has been arrived at after charging/(crediting):

	2020 HK$'000	2019 HK$'000
Auditors' remuneration		
Audit service	**1,124**	1,113
Non-audit service	**160**	198
	1,284	1,311
Amortisation of intangible asset (note 21)	**1,085**	–
Depreciation of property, plant and equipment (note 18)	**1,819**	2,779
Depreciation of right-of-use assets (note 19)	**5,116**	–
Total amortisation and depreciation	**8,020**	2,779
Foreign exchange gain, net	**(23)**	(34)
Minimum lease payment under operating lease on premises	**–**	5,394
Expenses relating to short-term lease	**2,271**	–
Allowance for expected credit losses, net		
– Trade and other receivables and deposits	**1,291**	6,292
– Deposit for film production	**747**	1,827
– Deposit for purchase of film rights	**–**	1,747
	2,038	9,866
Staff costs (including directors' remuneration)		
Salaries and allowances	**19,450**	14,705
Contribution to retirement benefits scheme	**1,938**	263
	21,388	14,968

12. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest on borrowings	**44,528**	3,746
Interest on lease liabilities	**880**	–
Interest on obligation under finance leases	**–**	49
Total	**45,408**	3,795

13. INCOME TAX EXPENSE

	2020 HK$'000	2019 HK$'000
Current tax charged/(credit):		
Hong Kong Profits tax	**1,160**	1,665
PRC Enterprise Income Tax	**39,900**	(47)
	41,060	1,618
Over provision in prior years:		
PRC Enterprise Income Tax	**(74)**	–
Total tax charge	**40,986**	1,618

13. INCOME TAX EXPENSE *(continued)*

Income tax for the year can be reconciled to the profit/(loss) before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020	2019
	HK$'000	HK$'000
Profit/(loss) before taxation	**133,147**	(46,169)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**34,324**	(8,844)
Tax effect of income not taxable for tax purpose	**(8)**	(225)
Tax effect of expenses not deductible for tax purpose	**1,208**	5,872
Tax exemption and relief	**(115)**	–
Over-provision of tax expenses	**(74)**	–
Utilisation of tax losses previously not recognised	**(35)**	–
Tax effect of tax applicable to two-tiered tax rates regime	**(330)**	–
Tax effect of tax losses not recognised	**6,016**	4,815
Income tax expense for the year	**40,986**	1,618

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Group considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profit earned by the PRC subsidiaries from 1 January 2009 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

13. INCOME TAX EXPENSE *(continued)*

At 31 March 2020, the Group has unused tax losses of approximately HK$273,531,000 (2019: HK$243,344,000) available for offset against future profits. No deferred tax asset has been recognised in respect of unused tax loss due to the unpredictability of future profit streams and in relation to deductible temporary difference as it is not probable taxable profit will be available against which the deductible temporary differences can be utilised. Tax losses are available indefinitely for offsetting future taxable profit of the companies in which the losses arose except for the tax losses arising in the PRC of approximately HK$144,908,000 (2019: HK$133,657,000).

14. DIRECTORS' REMUNERATION

Details of the remuneration paid to the directors of the Company are as follows:

	Directors' fees	Salaries and other allowances	Retirement scheme contribution	Total
	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 March 2020				
Executive directors:				
Mr. Qu Zhongrang (note (k))	**563**	**–**	**–**	**563**
Mr. Fu Yuanhong	**600**	**–**	**–**	**600**
Mr. Wu Xiaoming	**600**	**1,849**	**146**	**2,595**
Non-executive directors:				
Mr. Zhang Xiongfeng	**360**	**–**	**–**	**360**
Mr. Zhang Honghai	**360**	**–**	**–**	**360**
Independent non-executive directors:				
Dr. Jin Lizuo (note (j))	**50**	**–**	**–**	**50**
Mr. Law Yui Lun	**360**	**–**	**–**	**360**
Dr. Li Zhan (note (i))	**310**	**–**	**–**	**310**
Dr. Zhang Wei	**360**	**–**	**–**	**360**
Total	**3,563**	**1,849**	**146**	**5,558**

14. DIRECTORS' REMUNERATION *(continued)*

	Directors' fees HK$'000	Salaries and other allowances HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
For the year ended 31 March 2019				
Executive directors:				
Mr. Lien Wai Hung (note (e))	330	–	–	330
Mr. Wei Shu Jun (note (h))	35	–	–	35
Ms. Zhu Qi (note (a))	5	–	–	5
Dr. Shen Furong (note (b))	50	–	–	50
Mr. Wu Xiaoming	595	1,438	18	2,051
Mr. Zhang Zihong (note (f))	580	–	–	580
Mr. Fu Yuanhong (note (c))	68	–	–	68
Non-executive directors:				
Mr. Zhang Xiongfeng (note (g))	357	–	–	357
Mr. Zhang Honghai (note (d))	41	–	–	41
Independent non-executive directors:				
Mr. Law Yui Lun	350	–	–	350
Dr. Li Zhan	360	–	–	360
Dr. Zhang Wei	360	–	–	360
Total	3,131	1,438	18	4,587

Notes:

(a) Ms. Zhu Qi was resigned on 3 April 2018.
(b) Dr. Shen Furong was resigned on 13 April 2018.
(c) Mr. Fu Yuanhong was appointed as executive director on 19 February 2019.
(d) Mr. Zhang Honghai was appointed as non-executive director 19 February 2019.
(e) Mr. Lien Wai Hung was resigned as executive director on 31 July 2018.
(f) Mr. Zhang Zihong was appointed as executive director on 3 April 2018 and resigned on 22 March 2019.
(g) Mr. Zhang Xiongfeng was appointed as non-executive director on 3 April 2018.
(h) Mr. Wei Shu Jun was resigned as executive director on 13 April 2018.
(i) Dr. Li Zhan was resigned as independent non-executive director on 11 February 2020.
(j) Dr. Jin Lizuo was appointed as independent non-executive director on 11 February 2020.
(k) Mr. Qu Zhongrang was appointed as executive director on 23 April 2019.

Mr. Fu Yuanhong is the chairman of the Company and his emoluments disclosed above include those for service rendered by him.

Mr. Wu Xiaoming is the executive vice chairman and chief executive officer of the Company and his emoluments disclosed above include those for service rendered by him.

14. DIRECTORS' REMUNERATION *(continued)*

During the years ended 31 March 2020 and 2019, no emoluments or incentive payments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any emoluments during the year.

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was party and in which a director of the Company had material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

15. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Five highest paid individuals

The five highest paid individuals during the year included one (2019: four) director. Details of their remuneration are set out in note 14 to the consolidated financial statements. The emoluments of the remaining four (2019: one) individuals with highest emoluments for the years ended 31 March 2020 and 2019 were as follows:

	2020	2019
	HK$'000	HK$'000
Salaries and allowances	**4,759**	551
Retirement benefits scheme contribution	**314**	18
Total	**5,073**	569

The number of non-director, highest paid individuals whose remuneration fell within the following bands, is as follows:

	Number of employees	
	2020	2019
HK$Nil to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**3**	1
	4	1

15. INDIVIDUALS WITH HIGHEST EMOLUMENTS *(continued)*

Five highest paid individuals *(continued)*

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2019: HK$Nil).

At the end of the reporting period, there was no forfeited contribution, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contribution payable in the futures years.

16. DISTRIBUTION

	2020	2019
	HK$'000	HK$'000
Proposed final distribution of HK0.4 cents (2019: HK$nil) per ordinary share	**14,260**	–

Subsequent to the end of the reporting period, a final distribution in respect of the year ended 31 March 2020 of HK0.4 cents (2019: Nil) per ordinary share, in an aggregate amount of HK$14,260,000 (2019: Nil), has been proposed by the directors of the Company and is subject to the approval by the Company's shareholders in the forthcoming annual general meeting.

17. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	2020	2019
	HK$'000	HK$'000
Profit/(loss)		
Profit/(loss) attributable to owners of the Company for the purposes of basic and diluted earnings/(loss) per share	**34,588**	(42,680)

	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	**3,564,945,946**	3,282,591,572

The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for the year ended 31 March 2020.

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since the exercise would result in a decrease in loss per share for the year ended 31 March 2019.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements HK$'000	Furniture & fixtures HK$'000	Showroom equipment HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 April 2018	5,159	1,388	2,400	2,192	5,747	16,886
Additions	38	43	–	57	–	138
Disposals	–	(797)	–	(780)	(559)	(2,136)
Exchange alignment	(255)	(50)	–	(108)	(201)	(614)
As at 31 March 2019 and 1 April 2019	4,942	584	2,400	1,361	4,987	14,274
Adjustment upon application of HKFRS 16	–	–	–	–	(1,106)	(1,106)
As at 1 April 2019 (restated)	4,942	584	2,400	1,361	3,881	13,168
Additions	**–**	**77**	**–**	**436**	**–**	**513**
Transfer from right-of-use assets	**–**	**–**	**–**	**–**	**1,063**	**1,063**
Disposals	**(984)**	**(165)**	**–**	**(422)**	**–**	**(1,571)**
Exchange alignment	**(262)**	**(27)**	**–**	**(79)**	**(126)**	**(494)**
As at 31 March 2020	**3,696**	**469**	**2,400**	**1,296**	**4,818**	**12,679**
Accumulated depreciation						
As at 1 April 2018	2,716	672	680	1,277	3,813	9,158
Depreciation for the year	756	378	480	545	620	2,779
Disposals	–	(615)	–	(680)	(469)	(1,764)
Exchange alignment	(121)	(28)	–	(70)	(100)	(319)
As at 31 March 2019 and 1 April 2019	3,351	407	1,160	1,072	3,864	9,854
Adjustment upon application of HKFRS 16	–	–	–	–	(508)	(508)
As at 1 April 2019 (restated)	3,351	407	1,160	1,072	3,356	9,346
Depreciation for the year	**693**	**62**	**480**	**235**	**349**	**1,819**
Transfer from right-of-use assets	**–**	**–**	**–**	**–**	**606**	**606**
Disposals	**(984)**	**(124)**	**–**	**(366)**	**–**	**(1,474)**
Exchange alignment	**(179)**	**(18)**	**–**	**(59)**	**(90)**	**(346)**
As at 31 March 2020	**2,881**	**327**	**1,640**	**882**	**4,221**	**9,951**
Net carrying amounts						
As at 31 March 2020	**815**	**142**	**760**	**414**	**597**	**2,728**
As at 31 March 2019	1,591	177	1,240	289	1,123	4,420

19. RIGHT-OF-USE ASSETS

The lease terms of the Group's offices, director's quarters and motor vehicle range from 2 to 5 years for the year ended 31 March 2020. Depreciation is provided to write off the cost of items of right-of-use assets over their expected useful lives using straight line method. When there is no reasonable certainty that ownership will be obtained by the end of the lease term, the assets are depreciated over the lease term. Their useful lives are as follows:

Leased buildings	2 – 3 years
Leased motor vehicle	4 – 5 years

The Group does not have the option to purchase the right-of-use assets for a nominal amount at the end of the lease terms.

	Leased buildings HK$'000	**Leased motor vehicle** HK$'000	**Total** HK$'000
Cost			
As at 1 April 2019	–	–	–
Adjustment upon application of HKFRS 16	5,924	1,106	7,030
As at 1 April 2019 (restated)	5,924	1,106	7,030
Additions	6,474	–	6,474
Transfer to property, plant and equipment	–	(1,063)	(1,063)
Exchange alignment	(154)	(43)	(197)
As at 31 March 2020	12,244	–	12,244
Accumulated depreciation			
As at 1 April 2019	–	–	–
Adjustment upon application of HKFRS 16	–	508	508
As at 1 April 2019 (restated)	–	508	508
Charged for the year	4,998	118	5,116
Transfer to property, plant and equipment	–	(606)	(606)
Exchange alignment	(44)	(20)	(64)
As at 31 March 2020	4,954	–	4,954
Net carrying amount			
As at 31 March 2020	7,290	–	7,290

19. RIGHT-OF-USE ASSETS *(continued)*

Lease liabilities of HK$8,026,000 are recognised with related right-of-use assets of HK$7,290,000 as at 31 March 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

20. GOODWILL

The amounts of the goodwill capitalised by the Group as an asset and recognised in the consolidated statement of financial position, arising from the acquisition of subsidiaries, are as follows:

	2020	2019
	HK$'000	HK$'000
Cost		
At 1 April and 31 March	**47,248**	47,248
Accumulated impairment losses		
At 1 April	**39,527**	30,027
Impairment loss recognised for the year	**–**	9,500
At 31 March	**39,527**	39,527
Net carrying amount		
At 31 March	**7,721**	7,721

Impairment test of goodwill

For the purpose of impairment testing, goodwill has been allocated to the following CGUs identified according to operating segment.

	2020	2019
	HK$'000	HK$'000
Advertising and media related services		
– Keen Renown Limited and its subsidiaries (the "Keen Renown Group")	**7,721**	7,721

20. GOODWILL *(continued)*

Impairment test of goodwill *(continued)*

Advertising and media related services

There is one CGU, Keen Renown Group, which was acquired through acquisition of subsidiaries. The main operating activities are "advertising and media related services" identified by the Group.

The recoverable amount of the goodwill allocated to advertising and media related services are determined based on the value-in-use using the present value of cash flows taking into account the expected operating synergy and profitability and growth of businesses arising from Keen Renown Group.

Keen Renown Group

The cash flow projections are based on financial budgets approved by management covering a 5-year period and assumed growth rates are used to extrapolate the cash flows in the following years. The financial budgets are prepared based on a 5-years business plan which is appropriate after considering the sustainability of business growth, stability of core business developments, long term economic cycle and achievement of business targets. All cash flows are discounted at pre-tax discount rates of 16% (2019: 15%) under baseline and stressed scenarios respectively. Management's financial model assumes an average growth rate of 3% (2019: 3%) per annum beyond the 5-years period taking into account long term gross domestic product growth and other relevant economic factors. The discount rate used is based on the rates which reflect specific risks relating to the CGU.

For the year ended 31 March 2020, no impairment loss has been recognised in respect of goodwill related to CGU of Keen Renown Group for the year ended 31 March 2020 (2019: HK$9,500,000).

The directors of the Company believe that any adverse change in the assumption used in the value-in-use calculation will cause for the losses on impairment of goodwill to CGU of Keen Renown.

21. INTANGIBLE ASSET

	Software HK$'000
Cost:	
At 1 April 2018	–
Addition	10,852
At 31 March 2019, 1 April 2019 and 31 March 2020	**10,852**
Accumulated amortisation and impairment:	
At 1 April 2018	–
Amortised for the year	–
At 31 March 2019 and 1 April 2019	–
Amortised for the year	**1,085**
At 31 March 2020	**1,085**
Net carrying amount:	
At 31 March 2020	**9,767**
As 31 March 2019	10,852

The following estimated useful lives are used in the calculation of amortisation:

Software	10 years

22. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	2020	2019
	HK$'000	HK$'000
Trade receivables (Note a)	**438,657**	26,890
Allowance for expected credit losses (note 6)	**(1,989)**	(1,038)
	436,668	25,852
Deposits (Note b)	**18,939**	26,754
Prepayments (Note c)	**282,052**	20,737
Other receivables (Note d)	**191,684**	268,493
Loan receivables (Note e)	**18,419**	35,483
	947,762	377,319

Notes:

(a) An aged analysis of the Group's trade receivables, based on the invoice date, which approximates the respective revenue recognition dates and net of allowance for expected credit losses, at the end of the reporting period is as follows:

	2020	2019
	HK$'000	HK$'000
0 to 30 days	**17,473**	6,995
31 to 60 days	**–**	–
61 to 90 days	**401,989**	–
Over 90 days	**17,206**	18,857
	436,668	25,852

The Group generally allows credit period from 30 to 90 days to its customers.

Details on the Group's credit policy are set out in note 4.

Trade receivables that were past due but not impaired relate to the credits available to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for allowance for expected credit losses is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

22. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(continued)*

Notes: *(continued)*

(b) The deposits paid mainly consist of the followings:

(i) As at 31 March 2020, included in deposits was an amount of approximately HK$14,376,000 (2019: HK$14,500,000) of entering into a pan-entertainment project with a vendor, an independent third party during the year ended 31 March 2018. However, the possible pan-entertainment project has been lapsed during the year ended 31 March 2019.

(ii) During the year ended 31 March 2019, deposits of approximately HK$24,390,000 from the possible pan-entertainment project has been lapsed and the deposit has been reclassified to other receivables.

(iii) During the year ended 31 March 2019, deposits and an earnest money of approximately HK$11,704,000 from the possible of intent for granting a priority and exclusion right to acquire the entire shareholding interest in a target company has been lapsed and the deposit has been reclassified to other receivables.

(iv) During the year ended 31 March 2019, deposits of approximately HK$87,788,000 from the possible pan-entertainment projects has been lapsed and the deposit has been reclassified to other receivables.

(c) The prepayments mainly consist of the followings:

(i) As at 31 March 2020, included in prepayments was an amount of approximately HK$254,932,000 (2019: HK$nil) for prepayment of publishing services in relation to distribution of books.

(ii) As at 31 March 2019, included in prepayments was an amount of approximately HK$2,940,000 for consultancy services to an independent third party.

(d) The other receivables mainly consist of the followings:

(i) During the year ended 31 March 2019, deposits of approximately HK$123,882,000 was transfer to other receivable. Please refer to note 22(b)(ii), (iii) and (iv) for more detail.

(ii) As at 31 March 2020, other receivables of approximately HK$93,802,000 (2019: HK$102,164,000) was deposits from the possible pan-entertainment projects and an earnest money which expected to be recovered.

(iii) As at 31 March 2020, other receivables of approximately HK$10,924,000 (2019: HK$11,704,000) was deposits from the possible of intent for granting a priority and exclusion right to acquire the entire shareholding interest in a target company which expected to be recovered.

(e) The loan receivables mainly consist of the followings:

(i) As at 31 March 2020, there was loan receivables of approximately HK$18,588,000 (2019: HK$35,813,000) net of allowances for expected credit losses of approximately HK$169,000 (2019: HK$330,000). The loan receivables were secured, interest bearing at 7% to 9% (2019: 7% to 9%) per annum and repayable within 90 days to 1 year (2019: 90 days to 1 year).

23. DEPOSIT FOR FILM PRODUCTION AND DEPOSIT FOR PURCHASE OF FILM RIGHTS

As at 31 March 2020, total deposits of approximately HK$134,177,000 (2019: HK$144,333,000) has been paid pursuant to the film production arrangements.

As at 31 March 2020, total deposits of approximately HK$33,584,000 (2019: HK$36,012,000) has been paid pursuant to the acquisition of film rights.

24. FILM RIGHTS

	2020	2019
	HK$'000	HK$'000
Cost		
At 1 April	**19,938**	18,262
Exchange alignment	**(1,281)**	1,676
31 March	**18,657**	19,938
Accumulated amortisation and impairment losses		
At 1 April	**19,938**	18,262
Exchange alignment	**(1,281)**	1,676
31 March	**18,657**	19,938
Net carrying amount		
31 March	**–**	–

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	HK$'000	HK$'000
Held for trading		
Listed equity Securities – the PRC, at fair value	**2**	2

The financial assets are analysed as:

	2020	2019
	HK$'000	HK$'000
Current	**2**	2

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020	2019
	HK$'000	HK$'000
Trust guarantee fund	**4,981**	–
Unlisted equity securities – the PRC, at fair value	**21,246**	–
Unlisted equity securities – Hong Kong, at fair value	**–**	200
	26,227	200

The financial assets are analysed as:

	2020	2019
	HK$'000	HK$'000
Non-current	**26,227**	200

27. BANK BALANCES AND CASH

	2020	2019
	HK$'000	HK$'000
Cash on hand and at bank:		
Hong Kong Dollar	**20,162**	49,258
Renminbi	**28,010**	7,854
Japanese Yen	**7,212**	–
US Dollar	**487**	493
Total	**55,871**	57,605

27. BANK BALANCES AND CASH *(continued)*

Cash at bank earns interest at floating rates based on daily bank deposit rates which range from 0% to 0.1% for both years. Short term time deposits are denominated in HK$, RMB and USD which made for varying periods between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

28. TRADE AND OTHER PAYABLES

	2020 **HK$'000**	2019 HK$'000
Trade payables (Note a)	**4,333**	11,208
Accruals and other payables	**87,721**	106,008
Security deposits received	**1,372**	2,030
Other non-income tax payable	**–**	182
	93,426	119,428

Note:

(a) An aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2020 **HK$'000**	2019 HK$'000
Overdue by:		
0 to 30 days	**3,275**	4,064
31 to 60 days	**–**	–
61 to 90 days	**–**	–
Over 90 days	**1,058**	7,144
	4,333	11,208

29. BORROWINGS

The exposure of the Group's borrowings and the contractual maturity dates are as follows:

	2020	2019
	HK$'000	HK$'000
Borrowings – unsecured	**–**	22,329
Borrowings – secured	**547,226**	–
	547,226	22,329

	2020	2019
	HK$'000	HK$'000
The carrying amounts of the above borrowings are repayable:		
Within one year	**–**	22,329
Within a period of more than one year but not exceeding two years	**547,226**	–
	547,226	22,329
Less: amounts due within one year shown under current liabilities	**–**	(22,329)
Amounts shown under non-current liabilities	**547,226**	–

The range of interest rates per annum on the Group's borrowings were as follows:

	2020	2019
Fixed rate	**10.22%**	4.8% – 15%

As at 31 March 2019, the borrowings of HK$20,000,000 granted to the Group are guaranteed by Mr. Wei Shu Jun and Ms. Zhu Qi, the ex-directors of the Company.

As at 31 March 2020, the borrowings of approximately HK$547,226,000 granted to the Group are secured by trust guarantee fund of approximately HK$4,981,000 which was classified as financial asset at FVTOCI.

30. LEASE LIABILITIES

The Group's lease liabilities arise from the leasing of buildings and motor vehicle with a fixed lease term of 2 to 5 years. Interest rates underlying all leases are fixed at respective contract rates of 5.3% to 10.6% per annum. Obligation under finance lease under HKAS 17 were reclassified to lease liabilities on 1 April 2019 upon the adoption of HKFRS 16 (Note 2).

The Group had lease liabilities repayable as follows:

	31 March 2020	
	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	5,597	6,105
After 1 year but within 2 years	2,429	2,543
	8,026	8,648
Less: total future interest expenses		(622)
Present value of lease liabilities		8,026
Less: non-current portion		(2,429)
Current portion		5,597

The Group's lease liabilities are denominated in RMB and HK$, being the functional currency of the relevant group entity.

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Comparative information as at 31 March 2019 has not been restated. Further details on the impact of the transition to HKFRS 16 are set out in Note 2.

31. OBLIGATION UNDER FINANCE LEASES

	2019
	HK$'000
Analysed for reporting purposes as:	
Current liabilities	748
Non-current liabilities	–
	748

It is the Group's policy to lease certain of its motor vehicles under finance leases. The lease terms range from 3 to 5 years. Interest rate underlying all obligations under finance leases are fixed at respective contract dates is 14.4% per annum per annum.

	Minimum lease payments 2019 HK$'000	Present value of minimum lease payments 2019 HK$'000
Not later than one year	752	748
Later than 1 year and not later than 5 years	–	–
	752	748
Less: future finance charges	(4)	N/A
Present value of lease obligations	748	748
Less: Amount due for settlement with 12 months (shown under current liabilities)		(748)
Amount due for settlement after 12 months		–

32. SHARE CAPITAL

	2020 Number of share	Amount HK$'000	2019 Number of share	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**20,000,000,000**	**200,000**	20,000,000,000	200,000
Issued and fully paid:				
At 1 April, ordinary shares of HK$0.01 each	**3,564,945,946**	**35,649**	3,240,859,951	32,409
Issue of shares (Note a)	**–**	**–**	324,085,995	3,240
At 31 March, ordinary shares of HK$0.01 each	**3,564,945,946**	**35,649**	3,564,945,946	35,649

Note:

(a) On 13 February 2019, the Company entered into a subscription agreement with independent third-party subscriber that agreed to subscribe for, an aggregate of 324,085,995 subscription shares at the subscription price of HK$0.178 per subscription share.

33. MAJOR NON-CASH TRANSACTION

(i) Upon application of HKFRS 16 relating to operating leases, the Group recognised approximately HK$5,924,000 of right-of-use assets and approximately HK$5,924,000 of lease liabilities.

(ii) The Group entered into new lease agreements for the use of leased buildings for fixed terms of 2 years to 3 years. On the lease commencement, the Group recognised approximately HK$6,474,000 of right-of-use assets and approximately HK$6,474,000 of lease liabilities.

(iii) The Group entered into a new loan agreement of approximately HK$556,440,000, which approximately HK$5,621,000 has been offset for acquisition of trust guarantee fund which was classified as financial assets at FVTOCI.

(iv) The Group acquired an equity investment in an unlisted entity in PRC which was classified as financial assets at FVTOCI, by offsetting other receivables amounting to HK$22,482,000.

(v) The Group entered into a loan novation agreement with independent third party, amount to HK$20,000,000 by offsetting with other receivables.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Lease Liabilities	Obligation under finance lease	Borrowings	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 April 2018	–	749	28,193	28,942
Cash flows:				
Proceeds from borrowings	–	–	1,653	1,653
Repayment of borrowings	–	–	(11,007)	(11,007)
Repayment of obligation under finance leases	–	(49)	–	(49)
Non-cash:				
Interest accrued	–	49	3,746	3,795
Exchange adjustments	–	(1)	(256)	(257)
As at 31 March 2019	–	748	22,329	23,077
Adjustment upon application of HKFRS 16	6,672	(748)	–	5,924
As at 1 April 2019 (restated)	6,672	–	22,329	29,001
Cash flows:				
Proceeds from borrowings	–	–	556,440	556,440
Repayment of borrowings	–	–	(2,329)	(2,329)
Repayment of lease liabilities	(5,794)	–	–	(5,794)
Non-cash:				
Interest accrued	880	–	–	880
Exchange adjustments	(122)	–	(14,835)	(14,957)
Offset with other receivables	–	–	(20,000)	(20,000)
New leases entered	6,474	–	–	6,474
Rent concession income	(84)	–	–	(84)
Offset with acquisition of financial assets at FVTOCI	–	–	5,621	5,621
At 31 March 2020	**8,026**	**–**	**547,226**	**555,252**

35. COMMITMENTS

Operating lease commitments

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 3 to 5 years.

At 31 March 2019, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2019 HK$'000
Within one year	5,372
In the second to fifth years, inclusive	3,017
	8,389

Capital commitments

In addition to the operating lease commitments detailed above, the Group had the following capital commitments at the end of the reporting period:

	2020 **HK$'000**	2019 HK$'000
Capital expenditure in respect of the acquisition of subsidiaries contracted for	–	40,935

36. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

Compensation to key management personnel

Compensation to directors of the Company during the year is as follows:

	2020	2019
	HK$'000	HK$'000
Short-term benefits	**5,404**	4,569
Retirement scheme contribution	**142**	18
	5,546	4,587

The remuneration of directors of the Company and key executives is determined by the remuneration committee with due regard to the performance of individuals and market trends. Further details of directors' emoluments are included in note 14 to the consolidated financial statements.

37. DEFINED BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees. The assets of the MPF Scheme are held separately from those of the Group, in fund under the control of trustees. The Group contributes 5% of relevant payroll costs (limited to HK$30,000 per annum of each individual employee) to the MPF Scheme, which contribution is matched by employees.

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the China government. The PRC subsidiaries are required to contribute to the retirement benefits schemes based on a certain percentage of their payroll to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the required contributions under the schemes.

Employees employed by the Group outside Hong Kong are covered by the appropriate local defined contribution schemes pursuant to the local labour rules and regulations.

38. SHARE OPTION SCHEME

Pursuant to a resolution passed at the annual general meeting of the Company held on 25 September 2012, a new share option scheme (the "New Share Option Scheme") was adopted by the Company.

The previous share option scheme of the Company (the "Old Share Option Scheme") was expired on 2 August 2012, no further options can be granted under the Old Share Option Scheme thereafter. All outstanding share option granted under the Old Share Option Scheme prior to the said expiry shall be lapsed in accordance with the provisions of the Old Share Option Scheme.

The major terms of the New Share Option Scheme are summarised as follows:

(a) The purpose of the New Share Option Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group.

(b) The participants include:

(i) (1) any employee or proposed employee of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest, including any executive director of the Company, any of such subsidiaries or any Invested Entity;

(2) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

(4) any customer of the Group or any Invested Entity;

(5) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

(6) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and

(7) any joint venture partner or counter-party to business transactions of the Group.

(ii) any company wholly owned by one or more persons belonging to any of the above classes of participants.

38. SHARE OPTION SCHEME *(continued)*

(c) The exercise price of a share option shall be a price determined by the directors and shall at least be the higher of:

(i) the closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and

(ii) the average closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

(d) Maximum number of shares:

(i) The total number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time; and

(ii) The total number of shares which may be issued upon exercise of all share options to be granted under the New Share Option Scheme and any other schemes must not in aggregate, exceed 10% of the shares in issue at the date of adoption of the New Share Option Scheme (the "Limit") provided that share options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Limit.

(e) The total number of shares issued and to be issued upon the exercise of share options granted and to be granted to each participant (including both exercised and outstanding options) in any 12-month period up to and including the date of grant must not exceed 1% of the shares in issue.

(f) The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 10 years from the date of grant of the share option.

38. SHARE OPTION SCHEME *(continued)*

As at 31 March 2019, the number of shares which may be issued upon exercise of share options granted and remain outstanding under the New Share Option Scheme was 61,600,000, representing 2% of shares of the Company in issue at that date.

As at 31 March 2020, the exercisable period has been matured and no share option have been exercised. All share options have been lapsed.

During the years ended 31 March 2020 and 31 March 2019 the Company's share options granted under the share option schemes are as follows:

Date of grant	Category of eligible persons	Exercise price	Exercise period	Outstanding at 1 April 2018	Lapsed during the year	Outstanding at 31 March 2018 and 1 April 2019	Lapsed during the year	Outstanding at 31 March 2020
10 March 2016	Consultants	0.339	10 March 2016 to 9 March 2019	20,820,000	(20,820,000)	–	–	–
13 January 2017	Consultants	0.275	13 January 2017 to 12 January 2020	61,600,000	–	61,600,000	(61,600,000)	–
			Total	82,420,000	(20,820,000)	61,600,000	(61,600,000)	–
			Exercisable at the beginning and at the end of the year	82,420,000		61,600,000		–
			Weighted average Exercise price	HK$0.29	HK$0.34	HK$0.28	HK$0.28	–

38. SHARE OPTION SCHEME *(continued)*

The fair value of options granted on 13 January 2017 and 10 March 2016 is determined using the Black-Scholes Option Pricing Model with the expected volatility which is based on the historical share price volatility over the past two years. The following significant assumptions were used to derive the fair values using the Black-Scholes Option Pricing Model:

Date of grant	**13 January 2017**	**10 March 2016**
Total number of share options	258,000,000	62,560,000
Option value	HK$0.1267	HK$0.1547
Option life	3 years	3 years
Expected tenor	3 years	3 years
Exercise price	HK$0.275	HK$0.339
Stock price at the date of grant	HK$0.275	HK$0.335
Volatility	75.514%	77.020%
Risk free rate	1.229%	0.878%

For equity-settled share-based payments with parties other than employees, the Group has rebutted the presumption that the fair values of the services received can be estimated reliably.

As in the opinion of the directors, the Group measured the services received from these parties and its fair value is approximate to the fair values of the share options granted using the trinomial option pricing model, at the date these parties rendered related services to the Group.

Expected volatility was determined by using the historical volatility of the Company's share price over certain historical periods. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

No share-based payment expense was recognised for the year ended 31 March 2020 (2019: HK$Nil) in relation to share option granted by the Company. During the year ended 31 March 2020, 61,600,000 (2019: 20,820,000) share option were lapsed.

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

39.1 General information of subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are set out below.

Name of Subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Proportion of ownership interest Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Activemix	British Virgin Islands/ Hong Kong	US$1	100%	100%	–	Securities investment
Keen Renown Limited	British Virgin Islands/ British Virgin Islands	US$200	60%	–	60%	Investment holding
Dadi International Culture Media Holdings Limited (formerly known as Orient Huge Investment Limited)	Hong Kong/ Hong Kong	HK$1	100%	–	100%	Advertising and media related services
Ziyi Management Consulting (Shanghai) Company Limited* (梓懿管理諮詢(上海)有限公司) (Note a)	The PRC/ The PRC	US$1,000,000	60%	–	60%	Advertising and media related services
Shanghai Zhongteng Advertising Limited* (上海中騰廣告有限公司) (Note b)	The PRC/ The PRC	RMB20,000,000	60%	–	60%	Advertising and media related services
Shanghai Si Xuan (Note c)	The PRC/ The PRC	RMB100,000	100%	–	–	Advertising and media related services
Hangzhou Lianli Advertising Limited* (杭州聯力廣告有限公司) (Note b)	The PRC/ The PRC	RMB50,000	60%	–	60%	Advertising and media related services
First FinTech (Shanghai) Company Limited* (眾網金融科技(上海)有限公司) (Note a)	The PRC/ The PRC	RMB9,215,770	100%	–	100%	Financial leasing and other financial services
Shenzhen Jia Ying (Note a)	The PRC/ The PRC	US$2,050,201	100%	100%	–	Financial leasing and other financial services
Dadi Nandou Culture Media (Beijing) Co., Ltd.* (大地南斗文化傳媒(北京)有限公司) (Note b)	The PRC/ The PRC	RMB3,800,000	51%	–	51%	Administrative services on performing arts industry
Dadi Feichi Culture Development (Shanghai) Co., Limited* (大地飛馳文化發展 (上海)有限公司) (Note b)	The PRC/ The PRC	RMB5,000,000	51%	–	51%	Publication, purchase and distribution of books
Shanxi Dadi Holdings Equity Investment Fund Management Co., Ltd* (山西大地控股股權投資基金管理有限公司) (Note b)	The PRC/ The PRC	RMB6,000,000	60%	–	60%	Fund management, investment management, assets management and equity investment

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

39.1 General information of subsidiaries *(continued)*

Notes:

(a) These subsidiaries are wholly foreign owned enterprises in the PRC.

(b) These subsidiaries are domestic enterprise with limited liabilities established in the PRC.

(c) This subsidiary is a domestic enterprise with limited liabilities established in the PRC. The subsidiary is indirectly held by the Company through contractual arrangement by Mr. Sun Yiqi who holds the interest in the subsidiary of 100%.

* For identification purpose only

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

The following are the summarised financial information for Shanghai Si Xuan, which is accounted for a wholly owned subsidiary under contractual arrangement.

	2020	2019
	HK$'000	HK$'000
Shanghai Si Xuan		
Current assets	**11,416**	12,199
Current liabilities	**(7,785)**	(8,319)
Net assets	**3,631**	3,880
Revenue	**–**	–
Loss for the year	**–**	(3)

Under the current PRC regulations, the Group is not allowed to directly hold the equity interests in an advertising and media company. Foreign companies are allowed to acquire 100% equity interests in the advertising enterprise in the PRC in accordance with the provision of Regulations for Merger with and Acquisition of Domestic Enterprises by Foreign Investors and Regulations on the Administration of Foreign-funded Advertising Enterprises.

Hence, the contractual arrangement are designed to provide the Group with effective control over and the right to enjoy the economic benefits in and assets of Shanghai Si Xuan. Upon the contractual arrangement becoming effective, the Group is able to consolidate 100% of the interests in Shanghai Si Xuan by treating this company as indirectly non-wholly owned subsidiary.

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

39.1 General information of subsidiaries *(continued)*

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in the PRC. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2020	2019
Administrative services on performing arts industry	The PRC	**1**	–
Fund management, investment management, assets management and equity investment	The PRC	**1**	–

39.2 Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows the details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive income/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	**2020**	2019	**2020**	2019
				HK$'000	HK$'000	**HK$'000**	HK$'000
Keen Renown Group	The PRC	**40%**	40%	**1,465**	(9,762)	**9,753**	8,288
Dadi Feichi Culture Development (Shanghai) Co., Limited	The PRC	**49%**	49%	**55,143**	–	**38,871**	–
Individually immaterial subsidiaries with non-controlling interests						**3,279**	1,900
						51,903	10,188

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

39.2 Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

The following table lists out the information relating to Dadi Feichi Culture Development (Shanghai) Co., Limited which have material non-controlling interest (NCI). The summarized financial information presented below represents the amounts before any inter-company elimination.

	2020	2019
	HK$'000	HK$'000
NCI percentage	**49%**	49%
Current assets	**660,033**	–
Non-current assets	**7,110**	–
Current liabilities	**39,275**	–
Non-current liabilities	**548,540**	–
Net assets	**79,328**	–
Carrying amount of NCI	**38,871**	–
Revenue	**1,123,007**	–
Profit for the year	**115,796**	–
Total comprehensive income	**112,537**	–
Total comprehensive income allocated to NCI	**55,143**	–
Dividend declared and paid to NCI	**19,115**	–
Net cash flows from operating activities	**(475,897)**	–
Net cash flows from investing activities	**(65)**	–
Net cash flows from financing activities	**477,198**	–

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

39.2 Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

The following table lists out the information relating to Keen Renown Group which have material non-controlling interest (NCI). The summarized financial information presented below represents the amounts before any inter-company elimination.

	2020 **HK$'000**	2019 HK$'000
NCI percentage	**40%**	40%
Current assets	**280,272**	371,213
Non-current assets	**1,259**	1,913
Current liabilities	**257,150**	352,406
Net assets	**24,381**	20,720
Carrying amount of NCI	**9,753**	8,288
Revenue	**25,289**	7,186
Profit for the year	**4,969**	12,072
Total comprehensive income/(loss)	**3,662**	(24,405)
Total comprehensive income/(loss) allocated to NCI	**1,465**	(9,762)
Net cash flows from operating activities	**857**	11,527
Net cash flows from investing activities	**–**	(69)
Net cash flows from financing activities	**–**	–

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2020 HK$'000	2019 HK$'000
Non-current assets		
Property, plant and equipment	**66**	34
Right-of-use assets	**3,237**	–
Investments in subsidiaries	**36,962**	77,890
	40,265	77,924
Current assets		
Amount due from subsidiaries	**21,407**	54,455
Deposits, prepayments and other receivables	**2,436**	807
Bank balances and cash	**19,278**	47,587
	43,121	102,849
Current liabilities		
Accruals and other payables	**8,588**	9,829
Lease liabilities	**3,252**	–
Borrowings	**–**	20,000
	11,840	29,829
Net current assets	**31,281**	73,020
Total assets less current liabilities	**71,546**	150,944

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

	Note	2020 HK$'000	2019 HK$'000
Capital and reserves			
Share capital	32	**35,649**	35,649
Reserves		**35,627**	115,295
Total equity		**71,276**	150,944
Non-current liabilities			
Lease liabilities		**270**	–
Total equity and non-current liabilities		**71,546**	150,944

The Company's statement of financial position was approved and authorised for issue by the board of directors on 23 June 2020 and signed on its behalf by:

Fu Yuanhong
Director

Wu Xiaoming
Director

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

Movement in the Company's reserves

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2018 (Restated)	32,409	1,770,215	325,866	11,023	(1,740,435)	399,078
Loss and total comprehensive expenses for the year	–	–	–	–	(304,232)	(304,232)
Lapse of share options	–	–	–	(3,221)	3,221	–
Issue of shares	3,240	54,446	–	–	–	57,686
Share issuing expenses	–	(1,588)	–	–	–	(1,588)
As at 31 March 2019 and 1 April 2019	35,649	1,823,073	325,866	7,802	(2,041,446)	150,944
Loss and total comprehensive expenses for the year	**–**	**–**	**–**	**–**	**(79,668)**	**(79,668)**
Lapse of share options	**–**	**–**	**–**	**(7,802)**	**7,802**	**–**
As at 31 March 2020	**35,649**	**1,823,073**	**325,866**	**–**	**(2,113,312)**	**71,276**

41. COMPARATIVE INFORMATION

Certain comparative amounts have been reclassified to conform with the current period presentation.

The Group has initially applied HKFRS 16 at 1 April 2019, under the transaction method, comparative information is not restated.

42. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 23 June 2020.

Summary of Financial Information

RESULTS

	For the year ended 31 March				
	2016	2017	2018	2019	**2020**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Continuing operations					
Revenue	28,543	47,648	69,218	107,159	**1,225,016**
Profit/(loss) before taxation	(63,866)	(113,861)	(52,389)	(46,169)	**133,147**
Income tax expenses	(256)	(1,525)	(697)	(1,618)	**(40,986)**
Profit/(loss) for the year from Continuing operations	(64,122)	(115,386)	(53,086)	(47,787)	**92,161**
Discontinued operations					
Loss for year from discontinued operations	(1,751)	(456)	359	–	**–**
Profit/(loss) for the year	(65,873)	(115,842)	(52,727)	(47,787)	**92,161**
Profit/(loss) attributable to:					
owners of the Company	(65,349)	(113,701)	(60,037)	(42,680)	**34,588**
non-controlling interests	(524)	(2,141)	7,310	(5,107)	**57,573**
	(65,873)	(115,842)	(52,727)	(47,787)	**92,161**

ASSETS AND LIABILITIES

	As at 31 March				
	2016	2017	2018	2019	**2020**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Non-current assets	34,431	34,559	25,149	23,193	**53,733**
Current assets	484,112	487,613	590,676	615,271	**1,171,396**
Current liabilities	56,229	80,810	104,971	148,151	**139,659**
Non-current liabilities	–	19,077	7,855	–	**549,655**