GREATWALLE INC.
長城匯理公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8315

ANNUAL REPORT 2020/21

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors:
Mr. Song Xiaoming *(Chairman)*
Ms. Song Shiqing
Mr. Hon Hoi Chuen
Ms. Lin Shuxian

Non-executive Director:
Mr. Chung Man Lai

Independent Non-executive Directors:
Mr. Li Zhongfei
Mr. Zhao Jinsong
Ms. Guan Yan

AUDIT COMMITTEE

Mr. Zhao Jinsong *(Chairman)*
Mr. Li Zhongfei
Ms. Guan Yan

REMUNERATION COMMITTEE

Mr. Li Zhongfei *(Chairman)*
Mr. Zhao Jinsong
Ms. Guan Yan

NOMINATION COMMITTEE

Mr. Song Xiaoming *(Chairman)*
Mr. Zhao Jinsong
Mr. Li Zhongfei

COMPANY SECRETARY

Ms. Lam Yuen Ling Eva

AUTHORISED REPRESENTATIVES

Ms. Song Shiqing
Mr. Hon Hoi Chuen

COMPLIANCE OFFICER

Ms. Song Shiqing

INDEPENDENT AUDITOR

BDO Limited

LEGAL ADVISER

As to Hong Kong Laws
William Ji & Co. LLP
In Association with Tian Yuan Law Firm Hong Kong Office
Suites 3304-3309, 33/F
Jardine House
One Connaught Place
Central
Hong Kong

REGISTERED OFFICE

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2008, 20/F.
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

COMPANY WEBSITE

www.kingforce.com.hk

STOCK CODE

8315

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Greatwalle Inc. (the "**Company**") and its subsidiaries (collectively known as the "**Group**"), it is my great pleasure to present to our shareholders the annual report of the Company for the year ended 31 March 2021 (the "**Reporting Period**").

In 2020, in the face of the novel coronavirus pandemic, the global economy, including the economies of the PRC and Hong Kong, suffered a tremendous blow, and the border between Hong Kong and the PRC has not fully reopened so far. Under this difficult situation, the Group made great progress in the Company's security guarding and property management business by fully tapping the various resource advantages and vigorously exploring the PRC market, while the operation of the asset management business slowed down due to the pandemic but still made huge progress nonetheless.

The global spread of the pandemic has not only caused enormous damage to human life and property, but also posed huge challenges to various industries. The core management of the Group has experienced many macroeconomic crises over the past decade or so in the course of the Company's development, and each time, it has been able to lead the Company to not only overcome the risks, but also turn them into opportunities, enabling the Company to enter new stages of development. Under the current environment, we remain confident in the future of the Company.

To date, the Company's security guarding and property management business has maintained growth for two consecutive years, and has gained significant development in the PRC market and acquired a large number of new customers. The Company team has fully leveraged the Group's strengths and is striving to continuously enhance the in-depth development of the Company's security guarding and property management business in areas such as industrial parks and schools, and has achieved tremendous results.

The Company has been developing its asset management and business advisory business since 2019. To date, the Company has obtained a private equity investment fund manager licence in the PRC. In 2020, although the development of the asset management business had not been as fast as expected due to the impact of the border closure between the PRC and Hong Kong, fundraising and preliminary works were steadily progressing. In the new financial year, the Company team will strive to expand the scales of the asset management business and profits through continuous efforts.

Currently, the Company has entered into a new growth trajectory. In the future, we will strive to further increase the scales of the Company's total assets and net assets and continuously improve the Company's operating profit through continuous efforts and effective measures. We will constantly develop the Company's security guarding and property management business while expanding the Company's business portfolio, with a view to transform the Company into a renowned investment holding corporation in the industry to obtain better returns for the shareholders.

Song Xiaoming
Chairman

23 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the subsidiaries of the Group principally engaged in (i) the provision of security guarding and property management services (the "**Security Guarding and Property Management Services**"); and (ii) the provision of asset management and business advisory services (the "**Asset Management Services**"). During the Reporting Period, the Company recorded a total revenue of approximately HK$62,035,000, in which the Security Guarding and Property Management Services recorded a revenue of approximately HK$59,583,000, and the Asset Management Services recorded a revenue of HK$2,452,000.

I. Security Guarding and Property Management Services

For the Group's Security Guarding and Property Management Services, the Group operates in both Hong Kong and the PRC, and the Company's business has enjoyed sustained growth for two consecutive years.

In Hong Kong, the Group is permitted to provide security guarding services under Type 1 security work in Hong Kong in accordance with the Security Company License regime. With years of operating experience, the Group has established a strong reputation in the field of manned security guarding services and has been certified by the ISO 9001:2008 Quality Management System Standard issued by the Hong Kong Quality Assurance Agency (HKQAA) for its ability to design and deliver security guarding services. Leveraging on the Company's operation, management system and brand, the Group also provides professional services to other firms in the same industry in order to further develop its business. In the PRC, the Company's property management and security guarding business has continued to grow and its clients base has gradually expanded from government departments to schools and industrial parks. In order to further expand the revenue of the Group's security guarding and property management business in the PRC, the Group has established Shandong Guanhui Jiye Commercial Management Co., Limited in Shandong Province in late 2020 to mainly focus on the commencement of property management and security guarding business in larger schools and industrial parks. The Group has fully realised its comprehensive advantages in brand, operation and management system, and will continue to expand the scale of its security guarding and property management business in the PRC by riding on its foothold in the Hong Kong market and achieve sustained growth in operating revenue, with a view to building the Company into a prominent security guarding and property management enterprise in the PRC.

II. Asset Management Services

During the Reporting Period, the Asset Management Services of the Group involved provision of business advisory and asset management services.

Since 2019, the Company has begun to gradually develop its Asset Management Services. In the PRC, the Company has obtained a private equity investment fund manager licence from the Asset Management Association of China; in Hong Kong, Greatwalle (International) Asset Management Co., Limited ("**Greatwalle Asset Management**"), a wholly-owned subsidiary of the Company, has obtained the license issued by the Securities and Futures Commission (the "**SFC**") to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**") on 11 June 2020.

During the Reporting Period, the size of funds in place and the size of intended investments for funds managed by the Group continues to grow. It is expected that the size of assets managed by the Company will grow even more significantly in 2021-2022. The Company has an excellent asset management team, which has been actively managing private equity funds amounted to nearly RMB5 billion for the past 7 years, and has achieved remarkable investment results. Our team consists of one of the earliest people working in merger and acquisition fund management business in the PRC, and has developed a systematic investment strategy and sound governance system. The assets managed by the Company will be mainly invested in two directions: first would be buyout-type mergers, in which the Company focuses on buying out companies with under-valued capital value, asset value and industrial and commercial value as well as those with room for transformation and improvement; second would be medium and long-term investments towards enterprises that have long-term development value and leading position in particular market segments. Over the next one to two years, the Company will drive the asset management business into the high-quality development phase.

MANAGEMENT DISCUSSION AND ANALYSIS – CONTINUED

SIGNIFICANT EVENTS DURING THE YEAR ENDED 31 MARCH 2021

Obtained SFC's License to Carry on Type 4 and Type 9 Regulated Activities

On 11 June 2020, Greatwalle Asset Management has been licensed by the SFC to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

The Board considers that the provision of asset management services and securities advisory services can enhance the profitability of the Group. Accordingly, the license obtained from the SFC to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities represents an important initiative to achieve diversification in the Group's business development.

After the Reporting Period, as the border between Hong Kong and Mainland China has not yet been fully opened due to the novel coronavirus pandemic, which has caused inconvenience to staff travelling between the two places, the Company decided to discontinue the regulated business of Greatwalle Asset Management after careful consideration.

Rights Issue

On 19 August 2020, the Company conducted the rights issue (the "**2020 Rights Issue**") to raise approximately HK$20.8 million before expenses by issuing up to 415,439,174 rights shares at the subscription price of HK$0.05 per rights share on the basis of one (1) rights share for every three (3) shares held by the qualifying shareholders. The 2020 Rights Issue was fully subscribed and completed on 9 September 2020 and approximately HK$19,836,000 of net proceeds was received by the Company.

For detailed breakdown and description of the intended use of proceeds, please refer to the announcements of the Company dated 5 August 2020 and 9 September 2020 and the prospectus of the Company in relation to the 2020 Rights Issue dated 19 August 2020.

Change of Director

On 25 August 2020, Ms. Pang Xiaoli ("**Ms. Pang**") ceased to be the executive Director, the chief executive officer, the compliance officer and the authorised representative under Rule 5.24 of the GEM Listing Rules (the "**Authorised Representative**") of the Company while Ms. Song Shiqing ("**Ms. Song**") was appointed as the executive Director, the compliance officer and the Authorised Representative of the Company. Ms. Song was entitled to an annual director's fee of HK$50,000 and a discretionary bonus to be determined by the Board, which was determined with reference to the prevailing market conditions and her roles and responsibilities in the Group. She will hold office until the next annual general meeting of the Company and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. Ms. Song is a younger sister of Mr. Song Xiaoming, the chairman of the Board and the executive Director.

Proposed Share Consolidation and Subscription of Shares

The Board proposes to implement the share consolidation on the basis that every five (5) issued and unissued existing shares be consolidated into one (1) consolidated share prior to the completion of the subscription mentioned below.

On 18 March 2021, the Company entered into the subscription agreement with Walle Holding Limited, a company wholly-owned by Mr. Song Xiaoming, pursuant to which the Company has conditionally agreed to allot and issue, and Walle Holding Limited has conditionally agreed to subscribe for, the new consolidated shares (the "**Subscription Shares**") at the subscription price of HK$0.275 per Subscription Share.

The share consolidation and the subscription are conditional upon, among other things, the approval of the shareholders by way of poll at the extraordinary general meeting.

For details, please refer to the announcements of the Company dated 18 March 2021, 13 April 2021, 27 April 2021, 17 May 2021, 31 May 2021 and 11 June 2021.

Saved as disclosed in this report, the Directors are not aware of any significant event requiring disclosure that has taken place during the Reporting Period.

Business Outlook

In 2020, the global economy was severely hit by the impact of the novel coronavirus epidemic, among which, the Hong Kong economy experienced a continuous downturn, with the epidemic and social distancing measures causing economic activities to fall significantly below pre-epidemic levels. With the launch of vaccine and the distancing measures, the epidemic will gradually be contained and the global economy is gradually recovering.

For the Security Guarding and Property Management business, as Hong Kong and overseas markets are affected by the epidemic, human mobility will be restricted and economic activities will remain largely subdued. As such, the Group will continue to expand into the PRC market. The Company will continue to focus on exploring the security guarding and property management markets in schools, industrial parks and government departments, in order to continuously expand the scale of its security guarding and property management business.

For the Asset Management Service, the Asset Management Services of the Group have entered into a phase of rapid development, as the Company not only has a team with good track record, it also possesses vast market resources and project reserves. We believe that the asset management industry in the PRC has huge development potentials which will bring new development opportunities to the Group. At the same time, being an international financial centre, Hong Kong's capital market has strong regulatory capabilities, internationally leading financial infrastructures and an interconnection mechanism with the PRC's capital market. Although Hong Kong's economic prospect has been impacted by various factors such as the epidemic and the political environment, as well as challenges from both internal and external environments, its economy still possesses strong resilience and vitality. As the epidemic is gradually brought under control, part of the Company's asset management business that involves cross-border acquisitions is expected to pick up speed and the scale of the Company's fund management will grow substantially. Therefore, the Group will gradually expand into the Hong Kong market with a continuous foothold in the PRC market, fully utilise all the Group's advantages, continuously expand its asset management scale, enhance the level of returns in asset management and transform the Asset Management Services into an important profit growth point for the Company.

FINANCIAL REVIEW

Revenue

For the years ended 31 March 2020 and 2021, the Group's revenue was generated from the provision of Security Guarding and Property Management Services in Hong Kong and the PRC and provision of business advisory and asset management services. The following table sets forth the breakdown of the Group's revenue for the years ended 31 March 2020 and 2021:

	Year ended 31 March			
	2021		2020	
	HK$'000	**Percentage**	HK$'000	Percentage
Security Guarding and Property Management Services	**59,583**	**96.0%**	38,851	94.4%
Provision of business advisory and asset management services	**2,452**	**4.0%**	2,299	5.6%
Total	**62,035**	**100.0%**	41,150	100%

The Group's overall revenue increased by approximately HK$20,885,000 or 50.8% from approximately HK$41,150,000 for the year ended 31 March 2020 to approximately HK$62,035,000 for the year ended 31 March 2021. The increase in revenue was mainly due to (i) increase in revenue from the Security Guarding and Property Management Services in the PRC from approximately HK$5,851,000 for the year ended 31 March 2020 to approximately HK$37,785,000 for the year ended 31 March 2021 through a series of operational measures in line with the Company's own characteristics; (ii) but which was partially offset by the decrease in revenue from the Security Guarding and Property Management Services in Hong Kong from approximately HK$33,000,000 for the year ended 31 March 2020 to approximately HK$21,798,000 for the year ended 31 March 2021 due to the impact of the COVID-19 pandemic, which brought an adverse impact to the general security guarding industry in Hong Kong.

Cost of services rendered

For the years ended 31 March 2020 and 2021, the cost of services rendered, which mainly consists of direct guard cost, was approximately HK$32,051,000 and HK$56,531,000, respectively representing approximately 77.9% and 91.1% of the Group's revenue, respectively. Such increase of the cost of services in the percentage of revenue was primarily attributable to the general increase in the guard cost in the market during the Reporting Period.

As at 31 March 2021, the Group had a total of 514 employees, of which 487 were full-time and part-time guards providing manned security guarding and related services.

Gross profit

The Group's gross profit decreased by approximately HK$3,595,000 or 39.5% from approximately HK$9,099,000 for the year ended 31 March 2020 to approximately HK$5,504,000 for the year ended 31 March 2021. The decrease of the Group's gross profit was mainly due to (i) the general increase of guard cost in the market; and (ii) the adverse impact of the COVID-19 pandemic to the general security guarding industry in Hong Kong as mentioned above.

Other income and losses, net

The Group's other net income, increased by approximately HK$6,486,000 or 10.8 times from approximately HK$601,000 for the year ended 31 March 2020 to approximately HK$7,087,000 for the year ended 31 March 2021. The increase of the Group's other income was mainly due to the interest charges on promissory note waived by the noteholder of approximately HK$2,400,000, the government grants of approximately HK$1,643,000, and the gain on fair value change on contingent consideration payable of approximately HK$2,250,000.

Administrative expenses

The Group's administrative expenses decreased by approximately HK$20,142,000 or 44.1% from approximately HK$45,705,000 for the year ended 31 March 2020 to approximately HK$25,563,000 for the year ended 31 March 2021. The decrease in the Group's administrative expenses was mainly due to (i) the decrease in staff cost as a result of better cost control in the development of the Group's Asset Management Services; (ii) an absence of the recognition of the share option expenses; (iii) the decrease in amortization of intangible assets, depreciation of property, plant and equipment; (iv) an absence of the recognition of the written-off of property, plant and equipment; and (v) the decrease in short-term leases expenses during the Reporting Period. The decrease in overall expenses was partially offset by the impairment losses on trade receivables provided for during the year amounted to approximately HK$3,610,000 (2020: approximately HK$422,000).

Finance costs

The Group's finance costs decreased by approximately HK$188,000 or 7.7% from approximately HK$2,445,000 for the year ended 31 March 2020 to approximately HK$2,257,000 for the year ended 31 March 2021. The decrease in the finance costs was mainly due to (i) the decrease in the interest charge on promissory note of approximately HK$600,000, (ii) which was partially offset by the recognition of the interest charges on unsecured debenture of approximately HK$376,000 for the year ended 31 March 2021.

Loss for the period

Loss attributable to owners of the Company for the year ended 31 March 2021 decreased by approximately HK$21,847,000 from approximately HK$38,806,000 for the year ended 31 December 2020 to approximately HK$16,959,000 for the year ended 31 March 2021. The decrease in the Group's loss for the Reporting Period was mainly due to the reasons and factors as mentioned above.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

The management reviews the capital structure regularly. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts. As at 31 March 2021, the share capital and total capital deficiency attributable to owners of the Company amounted to approximately HK$16,618,000 and HK$3,338,000, respectively (2020: the share capital and capital deficiency attributable to owners of the Company approximately HK$12,463,000 and HK$7,203,000, respectively). The Group has a promissory note which is payable to a former director of the Company. For details, please refer to note 24 to the consolidated financial statements.

Cash position

As at 31 March 2021, the cash at banks and in hand of the Group amounted to approximately HK$85,010,000 (2020: approximately HK$16,420,000), representing an increase of approximately HK$68,590,000 as compared to 31 March 2020.

Charges over assets of the Group

As at 31 March 2020 and 2021, none of the Group's assets had been pledged.

Gearing ratio

As at 31 March 2021, the gearing ratio of the Group was 2,320.5% (2020: (501.0)%). The gearing ratio is calculated based on the total debt at the end of the relevant period divided by the total equity at the end of the relevant period. Total debt includes the Promissory Note, loan from related parties, amounts due to related parties and borrowings. As at 31 March 2021, the Group did not have any bank borrowings, bank overdrafts and obligations under finance leases.

Capital expenditure

The Group acquired property, plant and equipment amounted to approximately HK$1,639,000 from direct purchases for the year ended 31 March 2021 which mainly comprises of addition of right-of-use assets under leaseland and buildings (for the year ended 31 March 2020: approximately HK$6,454,000 from direct purchases of approximately HK$21,000 and acquisition of subsidiaries of approximately HK$6,433,000 which mainly comprises of addition of right-of-use assets under leaseland and buildings and acquisition of furniture and equipment).

Capital commitments

As at 31 March 2021, the Group had no capital commitments (2020: nil).

Foreign exchange risk

The Group's business operations are primarily conducted in Hong Kong and PRC. The transactions, monetary assets and liabilities of the Group were mainly denominated in RMB and Hong Kong dollar. During the year ended 31 March 2021, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies.

The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 March 2021.

Contingent liabilities

As at 31 March 2020 and 2021, the Group had no material contingent liabilities.

Significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies, and plans for material investments or capital assets

Save as disclosed in this report, during the year ended 31 March 2021, the Company did not have any significant investment and had no material acquisition or disposal of subsidiaries or affiliated companies. As at 31 March 2021 the Company did not have any plans for material investments or capital assets.

Use of proceeds from rights issue

On 6 March 2019, the Company conducted the rights issue (the "**2019 Rights Issue**") to raise approximately HK$41.5 million before expenses by issuing up to 414,554,218 rights shares at the subscription price of HK$0.10 per rights share on the basis of one (1) rights share for every two (2) shares held by the qualifying shareholders. The 2019 Rights Issue was fully subscribed and completed on 29 March 2019 and approximately HK$40.6 million of net proceeds was received by the Company.

For detailed breakdown and description of the intended use of proceeds, please refer to the announcements of the Company dated 20 February 2019 and 28 March 2019 and the prospectus of the Company in relation to the Right Issue dated 7 March 2019. As at 31 March 2021, the Company has fully utilized of the proceeds of the 2019 Rights Issue. During the Reporting Period, the actual use of the net proceeds of the 2019 Rights Issue is as follows:

Date of announcements and prospectus	Description	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds as at 31 March 2020	Actual use of net proceeds as at 31 March 2021
20 February 2019, 7 March 2019 and 28 March 2019	Rights issue on the basis of one rights share for every two shares of the subscription price of HK$0.10 per rights share	Approximately HK$40.6 million	(i) Approximately 40% of the net proceeds for the development of the provision of business advisory and management services	(i) Fully used as intended	(i) Fully used as intended
			(ii) Approximately 25% of the net proceeds for strengthening the ongoing operations of the Group's security guarding business and to ensure the quality of the Group's security guarding services	(ii) Fully used as intended	(ii) Fully used as intended
			(iii) Approximately 35% of the net proceeds for the Group's general working capital	(iii) Approximately 27.5% of the net proceeds was used as intended	(iii) Fully used as intended

On 19 August 2020, the Company conducted the 2020 Rights Issue to raise approximately HK$20.8 million before expenses by issuing up to 415,439,174 rights shares at the subscription price of HK$0.05 per rights share on the basis of one (1) rights share for every three (3) shares held by the qualifying shareholders. The 2020 Rights Issue was fully subscribed and completed on 9 September 2020 and approximately HK$19,835,000 of net proceeds was received by the Company. The net price per rights share is HK$0.05. The market price of the shares on 5 August 2020, being the last full trading day before the release of the announcement about the 2020 Rights Issue, was HK$0.067.

The 2020 Rights Issue was conducted for general working capital of the Group, repaying the indebtedness and liabilities of the Group, expanding the Group's security guarding business in the PRC and developing and strengthening the Group's asset management business in the PRC and Hong Kong.

For detailed breakdown and description of the intended use of proceeds, please refer to the announcements of the Company dated 5 August 2020 and 9 September 2020 and the prospectus of the Company in relation to the 2020 Rights Issue dated 19 August 2020. During the Reporting Period, the actual use of the net proceeds of the 2020 Rights Issue is as follows:

Date of announcements and prospectus	Description	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds as at 31 March 2021
5 August 2020, 19 August 2020, and 9 September 2020	Rights issue on the basis of one rights share for every three shares of the subscription price of HK$0.05 per rights share	Approximately HK$19,835,000	(i) Approximately 35% of the Net Proceeds will be used as the Group's general working capital for the ten months after completion of the 2020 Rights Issue;	(i) Approximately 6% of net proceeds was used as intended
			(ii) Approximately 30% of the Net Proceeds will be used for repaying the indebtedness and liabilities of the Group;	(ii) Approximately 28% of net proceeds was used as intended
			(iii) Approximately 20% of the Net Proceeds will be used for expanding the Group's security guarding business in the PRC by the first quarter of 2021;	(iii) Not used as intended
			(iv) Approximately 15% of the Net Proceeds will be used for developing and strengthening the Group's asset management business in the PRC and Hong Kong by the end of 2020.	(iv) Approximately 6% of net proceeds was used as intended

EMPLOYEES AND REMUNERATION POLICY

The Group had 514 employees as at 31 March 2021 (2020: 586 employees). The total staff costs (including Directors' remuneration) for the Year amounted to approximately HK$59,872,000 (2020: approximately HK$41,863,000). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high -quality staff and to enable smooth operations within the Group, the Group offers competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The Group's remuneration policy is revised periodically and determined by reference to market terms, company performance, individual qualifications and performance, and in accordance with the statutory requirements of the respective jurisdiction where the employees are employed.

On 14 December 2018, 18 April 2019 and 5 September 2019, the Group granted the share options to the eligible participants including employees within the Group and certain Directors under the share option scheme adopted by the Company on 31 July 2014 (the "**Share Option Scheme**") to motivate and compensate their contributions to the Group. Details of the grant of the share options are set out in the Company's announcements dated 14 December 2018, 18 April 2019 and 5 September 2019. The movements in the share options granted under the Share Option Scheme during the year ended 31 March 2021 are set out in the section headed "Share Option Scheme" in this report.

Training and development

Our security services are mainly divided into three parts: security guard services, event security services and VIP escorting services. All of our security staff personnel obtain the Security Patrol Permit to ensure the competence in providing security service for our clients. We value the experience and capability of our staff to elevate our service quality. Our on-the-job patrol monitoring system helps to guide and assist employees to achieve optimal performances. Our goal is to supervise and ensure customers' needs are satisfied. Training plans are established for new and existing employees to connect them to our values and assist them to perform their roles. Our training purpose is also to foster a safe environment for all employees against sexual harassment and promote efficient internal communication between employees and management. We comply with the appropriate local laws and regulations in relation to the restrictions on the employment of child and forced labor. Our employees are properly vetted to ensure they are of proper working age.

DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 March 2021 (2020: nil).

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining corporate governance of high standards and quality procedures. The Company has put in place governance practices with emphasis on the integrity to shareholders and quality of disclosure, transparency and accountability to shareholders for the sake of maximizing returns to shareholders.

CORPORATE GOVERNANCE CODE

The Company had complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 15 to the GEM Listing Rules throughout the year ended 31 March 2021, except for the deviation in paragraph headed "Chairman".

THE BOARD OF DIRECTORS

The Board is responsible for leading and controlling the Company, overseeing as well as the supervision of its business, approval of strategic plans and monitoring the Company's performance. The Board delegates the day-to-day operations to the executive directors and senior employees who are responsible for the oversight of each business segment's operations, while reserving certain key matters for its approval.

COMPOSITION

During the Reporting Period and up to the date of this report, the Directors have been and are:

Executive Directors

Mr. Song Xiaoming *(Chairman)*
Ms. Pang Xiaoli *(resigned on 25 August 2020)*
Ms. Song Shiqing *(appointed on 25 August 2020)*
Mr. Hon Hoi Chuen
Ms. Lin Shuxian

Non-executive Director

Mr. Chung Man Lai

Independent Non-executive Directors

Mr. Li Zhongfei
Mr. Zhao Jinsong
Ms. Guan Yan

The existing Directors' biographical information is set out in pages 28 to 29 under the section headed "Biographies of Directors". Saved as disclosed in the sections headed "Biographies of Directors", and "Disclosure of Interests" there is no financial, business, family or other material/relevant relationship amongst the Directors.

The Board includes a balanced composition of executive Directors, a non-executive Director and independent non-executive Directors (the "**INEDs**") so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

The Board has the necessary skills and experience appropriate for discharging their duties as Directors in the best interests of the Company and that the current board size is adequate for its present operations. Each Director keeps abreast of his/her responsibility as the Director and of the conduct, business activities and development of the Company.

BOARD MEETINGS

Code provision A.1.1 of the CG Code states that at least four regular Board meetings should be held each year at approximately quarterly intervals with active anticipation of a majority of directors, either in person or through other electronic means of communication.

Members of the Board met on a regular basis and on ad hoc basis to discuss the overall strategy as well as the operation and financial performance of the Group. There were four Board meetings held during the year ended 31 March 2021. Notice of at least 14 days should be given of a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice should be given.

Attendance of individual Directors at Board meetings held during the year ended 31 March 2021 is set out in the table below:

	Attendance/Number of Board meetings held
Executive Directors	
Mr. Song Xiaoming *(Chairman)*	4/4
Ms. Pang Xiaoli *(resigned on 25 August 2020)*	2/2
Ms. Song Shiqing *(appointed on 25 August 2020)*	1/2
Mr. Hon Hoi Chuen	4/4
Ms. Lin Shuxian	4/4
Non-Executive Director	
Mr. Chung Man Lai	4/4
Independent Non-Executive Directors	
Mr. Li Zhongfei	3/4
Mr. Zhao Jinsong	4/4
Ms. Guan Yan	4/4

CHAIRMAN

The chairman of the Company (the "**Chairman**") is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role for setting its agenda and taking into account any matters proposed by other directors for inclusion in the agenda.

Under the CG Code provision A.2.1, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. After the resignation of Ms. Pang Xiaoli as the chief executive officer of the Company (the "**CEO**") on 25 August 2020, the Company does not have any officer with the title of CEO but the Company has appointed several staff at the subsidiary level for each business segment, who were responsible for the oversight of the respective business segment's operations.

NON-EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied at all times with rules 5.05(1) and (2), and 5.05A of the GEM Listing Rules that at least three INEDs sit in the Board (at least one third of the Board members) and at least one of them has appropriate professional accounting or related financial management expertise.

Each INED has made an annual confirmation of independence pursuant to rule 5.09 of the GEM Listing Rules. The Company is of the view that all INEDs meet the independence guidelines set out in rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

For the year ended 31 March 2021, all the non-executive Director and INEDs have entered into a service contract with the Company for an initial term of three years, unless terminated by not less than three months' notice in writing served by either party on the other. The CG Code provision A.4.1 has been complied.

CORPORATE GOVERNANCE STRUCTURE

The Board is entrusted with the duty to put in place a proper corporate governance structure of the Company. It is primarily responsible for setting directions, formulating strategies, monitoring performance and managing the risks of the Group. Under the Board, there are currently three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The Audit Committee and Remuneration Committee perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management. The Nomination Committee assists the Board in nominating candidates for directorship, reviewing the size and composition and board diversity of the Board and making recommendation to the Board on appointment of directors. Each of the committees is established with defined written terms of reference which are available on the Company's website and the GEM website.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for making recommendations to the Board regarding the Group's policy and structure for remuneration of Directors and senior management and determining the specific remuneration packages of Directors and senior management of the Company.

The remuneration policy of the Directors is recommended by the Remuneration Committee, having regard to the market terms, individual experience, duties and responsibilities.

Directors' emoluments comprise payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The amounts paid to each Director for the year ended 31 March 2021 are set out in note 34 to the consolidated financial statements.

During the Reporting Period and up to the date of this report, the members of the Remuneration Committee have been and are:

Mr. Li Zhongfei *(Chairman)*
Mr. Zhao Jinsong
Ms. Guan Yan

The Remuneration Committee is scheduled to meet at least once a year. One meeting was held during the year ended 31 March 2021. The attendance of each member is set out as follows:

	Attendance/ eligible to attend
Mr. Li Zhongfei *(Chairman)*	1/1
Mr. Zhao Jinsong	1/1
Ms. Guan Yan	1/1

Summary of Works

With reference to the terms of reference of the Remuneration Committee, the primary responsibilities of the Remuneration Committee include (for the complete terms of reference, please refer to the Group's website www.kingforce.com.hk):

1. consulting the Chairman and/or chief executive about their remuneration proposals for other executive Directors;

2. making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

3. reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;

4. making recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

5. reviewing the Company's remuneration policy and recommending it for the Board's adoption, and making recommendations to the Board on the remuneration of non-executive Directors;

6. considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;

7. reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and

8. reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

The Board is of the view that the Remuneration Committee had properly discharged its duties and responsibilities during the Reporting Period and up to the date of this report.

NOMINATION COMMITTEE

The Nomination Committee is responsible for nominating potential candidates for directorship, reviewing the nomination of directors and making recommendations to the Board on such appointments.

During the Reporting Period and up to the date of this report, the members of the Nomination Committee have been and are:

Mr. Song Xiaoming *(Chairman)*
Mr. Li Zhongfei
Mr. Zhao Jinsong

The Nomination Committee is scheduled to meet at least once a year for the review of the structure, size, composition and board diversity (including skills, knowledge and experience) of the Board. In addition, the Nomination Committee also meets as it is required to consider nomination related matters. One meeting was held during the year ended 31 March 2021. The attendance of each member is set out as follows:

	Attendance/ eligible to attend
Mr. Song Xiaoming *(Chairman))*	1/1
Mr. Zhao Jinsong	1/1
Mr. Li Zhongfei	1/1

Summary of Works

With reference to the terms of reference the Nomination Committee, the primary responsibilities of the Nomination Committee include (for the complete terms of reference please refer to the Group's website www.kingforce.com.hk):

1. reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations on proposed changes, if any, to the Board to complement the Company's corporate strategy;

2. reviewing the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;

3. identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

4. assessing the independence of independent non-executive Directors; and

5. 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.

The Board is of the view that the Nomination Committee had properly discharged its duties and responsibilities during the Reporting Period and up to the date of this report.

Board Diversity Policy

The Group has adopted policy in relation to the diversity of the members of the Board (the "**Board Diversity Policy**") and the summary of the policy is as follows:

1. selection of Board members will be based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and

2. the Nomination Committee will monitor the implementation of the Board Diversity Policy from time to time to ensure the effectiveness of the Board Diversity Policy.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

1. The Company should comply with the requirements on board composition in the GEM Listing Rules from time to time.

2. The number of independent non-executive Directors should be not less than three and one-third of the Board.

3. At least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise.

4. At least one Director should be the professional or have intensive experience of the industry on which the business of the Group is.

The Board has achieved the measurable objectives under the Board Diversity Policy for the year ended 31 March 2021.

Implementation and Monitoring

The Nomination Committee reviewed the Board's composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

The Nomination Committee has reviewed the board diversity policy to ensure its effectiveness and considered that the Group had complied the board diversity policy during the Report Period.

Director's Nomination Policy

The director's nomination policy of the Company (the "**Director's Nomination Policy**") was adopted by the Board and became effective on 1 January 2019 and the Nomination Committee is responsible for execution.

Director Nomination Process

The Nomination Committee utilizes various methods for identifying director candidates, including recommendations from Board members, management, and headhunters. The Nomination Committee may also put forward director candidates who are not nominated by Board members. In addition, the Nomination Committee will consider director candidates properly submitted by shareholders of the Company through formal procedures set out in the Company's Procedures for Shareholders to Propose a Person for Election as a Director.

For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing director candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

All director candidates, including incumbents and candidates nominated by shareholders of the Company are evaluated by the Nomination Committee based upon the director's qualifications. While director candidates will be evaluated on the same criteria, the Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, and experiences of the collective Board rather than on the individual candidate.

The Board shall have the final decision on all matters relating to the recommendation of director candidates by the Nomination Committee to stand for election at any general meeting. The Board will take such recommendations under advisement and is responsible for designating the director candidates to be elected at the annual general meeting of the Company and electing directors to fill Board vacancies.

Procedure for Appointment of New Director

Director candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a Director.

The Nomination Committee shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the director candidate, evaluate such director candidate based on the criteria as set out below to determine whether such director candidate is qualified for directorship.

If the process yields one or more desirable director candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each director candidate (where applicable).

For any person that is nominated by a shareholder for election as a Director at the general meeting of the Company, the Nomination Committee shall evaluate such director candidate based on the criteria as set out below to determine whether such director candidate is qualified for directorship and where appropriate, the Nomination Committee and/or the Board shall make recommendation to shareholders in respect of the proposed election of Director at the general meeting.

A director candidate is allowed to withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.

Until the issue of the shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.

Procedure for Re-appointment of Director at General Meeting

The Nomination Committee shall review the overall contribution and service to the Company of the retiring Directors including their attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board.

The Nomination Committee shall also review and determine whether the retiring Directors continue to meet the criteria as set out below.

The Nomination Committee and/or the Board shall then make recommendation to the shareholders of the Company in respect of the proposed re-election of Directors at the general meeting.

Director Selection Criteria

The Nomination Committee considers the following qualifications are at a minimum to be required of a director candidate in recommending to the Board potential new Director, or the continued service of existing Director:

(a) the highest personal and professional ethics and integrity;

(b) proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;

(c) qualifications including professional qualifications, skills, knowledge and experience that are complementary to those of the existing Board;

(d) the ability to assist and support management and make significant contributions to the Company's success;

(e) the contribution on diversity of the Board and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;

(f) an understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities; and

(g) meet the "independence" criteria as required under the GEM Listing Rules and the composition of the Board is in conformity with the provisions of the GEM Listing Rules from time to time (where applicable).

Other than the foregoing, there are no stated minimum criteria for director candidate, although the Nomination Committee may also consider such other factors as it may deem are in the best interests of the Company and the shareholders of the Company.

AUDIT COMMITTEE

The Audit Committee is responsible to make recommendation to the Board on the appointment and removal of external auditor, to evaluate the overall effectiveness of the internal control and risk management frameworks, to review the accounting principles and practices adopted by the Group and other financial reporting matters and ensure the completeness, accuracy and fairness of the financial statements, to monitor compliance with statutory and listing requirements and to oversee the relationship with the external auditors.

The Audit Committee reviews the quarterly, interim and annual reports before submission to the Board. At least one member has appropriate professional qualification or accounting or related financial management expertise. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the GEM Listing Rules and the legal requirements in the review of the Company's quarterly, interim and annual reports.

Senior representatives of the external auditor, executive Directors and senior executives are invited to attend the meetings, if required. Each of the Audit Committee members has unrestricted access to the Group's external auditor and the management.

During the Reporting Period and up to the date of this report, the members of the Audit Committee have been and are:

Mr. Zhao Jinsong *(Chairman)*
Mr. Li Zhongfei
Ms. Guan Yan

The Audit Committee is scheduled to meet at least four times a year. Four meetings were held during the year ended 31 March 2021. The attendance of each member is set out as follows:

	Attendance/ eligible to attend
Mr. Zhao Jinsong *(Chairman)*	4/4
Mr. Li Zhongfei	3/4
Ms. Guan Yan	4/4

Summary of Works

During the year ended 31 March 2021, the Audit Committee reviewed the audited annual results for the year ended 31 March 2020, the unaudited quarterly results for the three months ended 30 June 2020, six months ended 30 September 2020 and nine months ended 31 December 2020; made recommendations to the Board on the terms of engagement of the external auditors; and reviewed the system of risk management and effectiveness of the internal control and the Group's internal audit function on an ongoing basis, and its other duties in accordance with the Audit Committee's written terms of reference. The Audit Committee had also reviewed audited annual results for the financial year ended 31 March 2021 and this report, and it has agreed with the auditor of the Company on the annual results of the Group for the financial year ended 31 March 2021 and confirmed that this report complies with the applicable standard, the GEM Listing Rules, and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

The Board is of the view that the Audit Committee had properly discharged its duties and responsibilities during the Reporting Period and up to the date of this report.

The terms of reference of the Audit Committee are in line with the CG Code and are posted on the websites of the Company and the Stock Exchange. Under its terms of reference, the Audit Committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's preliminary quarterly results, interim results and annual financial statements and to monitor the integrity of the financial statements of the Group, to review the scope, extent and effectiveness of the Group's internal control system, internal audit and risk management matters and to review the Group's financial and accounting policies.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties as set out in the terms of reference equivalent to code provision D.3.1 of the CG Code. During the year ended 31 March 2021, the policies of the corporate governance of the Company were reviewed by the Board.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for Financial Reporting

The Directors acknowledged their responsibility for preparing the financial statements for each financial period to give a true and fair view of the state of affairs of the Company and their responsibilities stated on a statement by the auditors in the auditors' report on the financial statements. In preparing the financial statements for the year ended 31 March 2021, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The statement of the external auditors of the Company regarding their reporting responsibilities on the financial statements of the Company is set out in the section "Independent Auditor's Report" of this report.

Leveraged on advantages in operation, management system and branding of security guarding business in Hong Kong, the Group provides professional services to other similar industries in order to further develop its business. It is expected that the financial performance of the Group's security guarding business in Hong Kong would continue to improve given the Group has enhanced the business relationship with its major customers since the second half of the current reporting period. It is also expected that the revenue from security guarding business in the PRC and asset management business will continue to grow in the coming year. Further, the Company has adopted or in the process of adopting certain measures in order to strengthen the Group's financial position, liquidity and cash flows. For further details, please refer to note 39 to the consolidated financial statements.

Based on the above, the Directors considered the Group will have sufficient working capital to finance its operations and to meet its financial obligations that will be fall due within next twelve months from 31 March 2021. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

External Auditor's Remuneration

During the year ended 31 March 2021, the fees for the services provided by the Company's auditor are set out as follows:

	HKD
Audit services	**630,000**
Non-audit services	**65,000**
	695,000

The non-audit services mainly consisted of the professional services in relation to the environmental, social and governance report.

Risk Management and Internal Control

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The internal control system includes safeguard of the interest of shareholders and the Group's assets. It has been an important duty of the Board, through the Audit Committee, to conduct a review of internal control to ensure the effectiveness and adequacy of the system of the Group annually or at any time necessary. The review covers all material controls, including financial, operational and compliance controls, as well as risk management functions.

The risk management and internal control systems are designed to manage rather than eliminate risks of failure in operational systems so that the Company's objectives can be achieved, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has an effective financial reporting system including the adequacy of resources, qualified and experienced staff and its training programmes and budget of the Group's accounting and financial reporting function.

The Company has formulated and organised the implementation of an internal control management system, a connected transaction management and disclosure system, a financial reporting system and an insider information management system applicable to the Company to provide guidance to its daily internal control management. The Company has established a risk management and internal control systems, the scope of which includes, but not limited to, financial control, operational control and compliance control, etc., and has also established a three-tier risk management mechanism to identify, prevent and control risks. The first tier is the Company's operational units (i.e. operational staff, financial staff and internal control consultants, etc.), which are responsible for identifying, evaluating and reporting to the Company's management on relevant risk management activities; the second tier is the Company's management, which provides supports to the operational units and reports to the Board on major risk management issues; and the third tier is the Board, which is responsible for reviewing the overall effectiveness of the Company's risk control system and making decisions on major risk management issues. On the one hand, the Company has established various mechanisms to enable related staff to obtain evidence regarding the effective operation of internal controls to a significant extent in the course of their normal duties; on the other hand, external communication is used to verify information generated internally or to locate problems in existence. The Company's management attaches great importance on reports and recommendations from the various internal control departments and regulatory bodies, and takes various measures to remedy deviations arising from the control processes in a timely manner.

The Company also has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest. The Company conducts its affairs with close regard to the "Management of Connected Transaction and Disclosure Systems" adopted by the Company and the "Guidelines on Disclosure of Inside Information" issued by the Securities & Futures Commission in 2012. The Company has imposed a strict prohibition on the unauthorised use of confidential or inside information. Information which is expected to constitute inside information under the Listing Rules or the SFO will be announced as soon as reasonably practicable after it becomes known to the Board and/or is the subject of a decision by the Board unless the information falls within any of the safe harbours as provided in the SFO.

The Group has engaged an external independent consultant to conduct the annual review on the effectiveness of the risk management and internal control systems and carry out the internal audit function. Review of the Group's internal controls covering major operational, financial and compliance controls, as well as risk management functions of different systems has been performed on a systematic rotational basis on the risk assessments of the operations and controls. No major issues on the internal control system have been identified during the year ended 31 March 2021.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for directors will be arranged at the expenses of the Company where necessary. During the Reporting Period, each of the Directors has participated in continuous professional development by attending seminars and/or studying materials relevant to director's duties and responsibility.

During the Reporting Period, the Board held two general meetings, namely, the extraordinary general meeting on 15 July 2020 and the annual general meeting on 18 August 2020. The attendance record of the Directors who was eligible to attend the general meeting is set out below:

	Attendance/ Number of general meetings
Executive Directors	
Mr. Song Xiaoming	2/2
Ms. Pang Xiaoli *(resigned on 25 August 2020)*	2/2
Ms. Song Shiqing *(appointed on 25 August 2020)*	0/0
Mr. Hon Hoi Chuen	2/2
Ms. Lin Shuxian	2/2
Non-executive Director	
Mr. Chung Man Lai	2/2
Independent Non-Executive Directors	
Mr. Li Zhongfei	2/2
Mr. Zhao Jinsong	2/2
Ms. Guan Yan	2/2

COMPANY SECRETARY

The company secretary, Ms. Lam Yuen Ling Eva ("**Ms. Lam**"), is delegated by an external service provider. The external service provider's primary contact person at the Company was Ms. Pang Xiaoli, a former executive Director, the Chief Executive Officer and the compliance officer of the Group. After the resignation of Ms. Pang Xiaoli, the primary contact person of Ms. Lam is Ms. Lin Shuxian, an executive Director. Ms. Lam has complied with Rule 5.15 of GEM Listing Rules by taking no less than 15 hours of relevant professional training to update her skills and knowledge during the year ended 31 March 2021. Ms. Lam is a fellow of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares of the Company (the "**Code of Conduct**"). Specific enquiry has been made to all Directors and they have confirmed that they have complied with the Code of Conduct during the Reporting Period. The Company is not aware of any non-compliance with the required standard set out in the Code of Conduct regarding Directors' securities transactions during the Reporting Period.

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged for appropriate insurance covering the liabilities of the Directors that may arise out the corporate activities, which has been complied with the CG Code. The insurance coverage is reviewed on an annual basis.

RELATED PARTY TRANSACTIONS POLICY

During the year ended 31 March 2021, the related party transactions, if any, are periodically reviewed and approved by the Audit Committee.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company uses two-way communication channels to account to shareholders and investors for the performance of the Company. In order to maintain good and effective communication, the Company together with the Board extend their invitation to all shareholders and encourage them to attend the forthcoming AGM and all future general meetings at which Directors are available to answer questions on the business. Extensive information about the Group's activities is provided in its annual report, interim report and quarterly reports which are sent to shareholders and investors. The Company's announcements, press releases and publications are published and are also available on the GEM website and on the Company's website at www.kingforce.com.hk.

Convening of Extraordinary General Meeting on Requisition by Shareholders

Pursuant to Article 64 of the articles of association of the Company (the "**Articles**"), the Board may, whenever it thinks fit, convene an extraordinary general meeting (the "**EGM**"). EGMs shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders' Nomination of Directors

Pursuant to article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company. The period for lodgement of the notices required under the Articles will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Procedures for Putting Forward Proposals at General Meetings

Shareholders can also send enquiries and proposals to be put forward at general meetings for shareholders' consideration to the Board or company secretary by mail to the headquarters of the Company at Room 2008, 20/F., West Tower, Shun Tak Centre, 200 Connaught Road, Central, Hong Kong.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the company secretary.

Significant Changes in Constitutional Documents

During the Reporting Period, there had been no significant changes in the constitutional documents of the Company except the change regarding the increase in authorised share capital.

Dividend Policy

The dividend policy of the Company (the "**Dividend Policy**") was adopted by the Board and became effective on 1 January 2019.

The Dividend Policy is to ensure that the Board maintains an appropriate procedure on declaring and recommending the dividend payment of the Company. The Board endeavors to strike a balance between the shareholders' interests and prudent capital management with a sustainable dividend policy.

The declaration and recommendation of dividends is subject to the decision of the Board after considering the Company's ability to pay dividends, which will depend upon, among other things:

- the Group's financial results;
- the Group's cashflow, liquidity and capital requirements;
- the Group's debt to equity ratios and the debt level;
- the retained earnings and distributable reserves of the Group;
- the Group's shareholders' interests;
- the Group's current and future business operations, conditions, cycle and strategies;
- the general market conditions;
- the shareholders' and the investors' expectation and industry's norm;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- statutory and regulatory restrictions;
- past dividend record; and
- any other factors the Board may deem relevant.

The Board has complete discretion on whether to pay a dividend and the form to pay, subject to any restrictions under the Companies Laws of Cayman Islands and the Articles. Any final dividends declared by the Company must be approved by an ordinary resolution of the shareholders at an annual general meeting and must not exceed the amount recommended by the Board. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends. There is no assurance that dividends will be paid in any particular amount for any given period.

The Company shall review and reassess the Dividend Policy and its effectiveness from time to time. Any revisions to the Dividend Policy shall be considered and approved by the Board.

BIOGRAPHIES OF DIRECTORS

As at the date of this report, the biographies of Directors are set out as below:

EXECUTIVE DIRECTORS

Mr. Song Xiaoming ("**Mr. Song**"), aged 47, was appointed as an executive Director on 6 August 2019. He is also the chairman of the nomination committee of the Company. Mr. Song graduated from Sun Yat-sen University with a bachelor degree in economics in June 1997 and obtained an executive master of business administration degree from Tsinghua University, the PRC, in January 2014. Mr. Song is the founder of Shenzhen Great Walle Capital Management Co. Ltd.* (深圳長城匯理資產管理有限公司), a company incorporated in May 2013 and principally engaged in the provision of asset management service. It has become a wholly-owned subsidiary of Shenzhen Great Walle Investment Corp., Ltd.* (深圳長城匯理投資股份有限公司) in 2015. He has been the chief executive officer of Shenzhen Great Walle Capital Management Co. Ltd. since May 2013 and the president of Shenzhen Great Walle Investment Corp., Ltd. since July 2015.

Mr. Song is an elder brother of Ms. Song Shiqing, an executive Director.

Ms. Song Shiqing ("**Ms. Song**"), aged 31, was appointed as an executive Director, the compliance officer and an authorised representative of the Company on 25 August 2020. She obtained a master degree of business administration from Sun Yat-sen University. She joined Great Walle Investment in July 2015 and holds the position of supervisor at Great Walle Investment, which is a controlling shareholder of the Company. Currently, she is a director of certain subsidiaries of the Company, as well as a legal representative of Guangzhou Huiyu Commercial Company Limited, a domestic subsidiary of the Company. She was an editor for CCTV-2 (Business Channel) from May 2012 to July 2014.

Ms. Song is a younger sister of Mr. Song.

Mr. Hon Hoi Chuen ("**Mr. Hon**"), aged 46, was appointed as an executive Director on 12 July 2018. He is an authorised representative of the Company and a company secretary of certain subsidiaries. He is the executive director of Great Walle Investment. In 2017, Mr. Hon was the vice president of First Capital Fund Management Company Limited* (首控基金管理有限公司), a wholly-owned subsidiary of China First Capital Group Limited which is listed on the Stock Exchange (stock code: 1269), and from September 2012 to December 2015, he worked for Henan Agri-investment Fund Co., Ltd.* (河南農開投資基金管理有限公司) and his last position was the deputy general manager. From April 1999 to August 2012, he also held positions in various departments of Bank of China Hong Kong, including the Corporate Banking, Financial Institutions and Product Management Department.

Mr. Hon obtained a bachelor degree in International Finance from Sun Yat-sen University in the PRC in June 1997.

Ms. Lin Shuxian ("**Ms. Lin**"), aged 39, was appointed as an executive Director on 12 July 2018. She is also a director of certain subsidiaries of the Company. She is the deputy investment director of the Investment Department at Great Walle Investment. From November 2007 to May 2009, Ms. Lin was the financial analyst at the Business Valuation Department of Shenzhen Branch, Jones Lang LaSalle Sallmanns (Beijing) Consultants Limited* (仲量聯行西門(北京)諮詢有限公司深圳分公司) (currently renamed as Shenzhen Branch, Jones Lang LaSalle (Beijing) Consultants Limited* (仲量聯行(北京)諮詢有限公司深圳分公司). From November 2009 to September 2015, Ms. Lin was the senior manager at the Investment Banking Department of First Shanghai Venture Capital Management (Shenzhen) Co., Ltd. Ms. Lin is also a director of certain subsidiaries of the Company.

Ms. Lin obtained a master of science degree in Financial Decision Analysis from the University of Portsmouth in July 2007.

* *For identification purpose only*

BIOGRAPHIES OF DIRECTORS – CONTINUED

NON-EXECUTIVE DIRECTOR

Mr. Chung Man Lai ("**Mr. Chung**"), aged 44, was appointed as a non-executive Director on 17 March 2020. He has over 20 years of experience in auditing and accounting. Prior to joining the Company, he worked in a reputable international accounting firm and was the chief financial officers of CMIC Ocean En-Tech Holding Co., Ltd. (formerly known as TSC Group Holdings Limited (Stock code: 206)) (華商國際海洋能源科技控股有限公司) and IDT International Limited (Stock code: 167) (萬威國際有限公司*), both are companies listed on the Main Board of The Stock Exchange. Mr. Chung was re-designated as an executive director of Aurum Pacific (China) Group Limited (the shares of which are listed on GEM of the Stock Exchange, Stock code: 8148) from the position of independent non-executive director with effect from 15 September 2020. Mr. Chung is currently the chief financial officer, company secretary, member of the risk management committee and authorised representative of D&G Technology Holding Company Limited (the shares of which are listed on the Main Board of the Stock Exchange, Stock code: 1301). He is also the independent non-executive director of Century Group International Holdings Limited (世紀集團國際控股有限公司) (the shares of which are listed on the Main Board of the Stock Exchange, Stock code: 2113) and Roma Group Limited (羅馬集團有限公司*) (the shares of which are listed on GEM of the Stock Exchange, Stock Code: 8072).

Mr. Chung obtained a bachelor of arts degree in accountancy from The Hong Kong Polytechnic University in November 1998 and a master of business administration degree with a major in international business from EU Business School in December 2018. Mr. Chung is a fellow member of the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Zhongfei ("**Mr. Li**"), aged 57, was appointed as an independent non-executive Director on 12 July 2018. He is also the chairman of the remuneration committee of the Company and a member of the audit committee and nomination committee of the Company. He is currently a professor of Sun Yat-sen Business School and director of Center for Financial Engineering and Risk Management of Sun Yat-sen University in the PRC.

Mr. Li obtained a bachelor of science from Lanzhou University in the PRC in July 1985, and then a master of science from Inner Mongolia University in the PRC in June 1990. He further obtained a Ph.D. in Management from the Academy of Mathematics and Systems Science of the Chinese Academy of Sciences in the PRC in August 2000.

Mr. Zhao Jinsong ("**Mr. Zhao**"), aged 45, was appointed as an independent non-executive Director on 12 July 2018. He is also the chairman of the audit committee of the Company and a member of the nomination committee and remuneration committee of the Company. He worked in 中華人民共和國審計署駐深圳特派員辦事處 (Shenzhen Branch, National Audit Office of the People's Republic of China*) from July 2000 to June 2017, and his last position was the Commissioner of that office.

Mr. Zhao obtained a bachelor's degree in International Finance from the Sun Yat-sen University in the PRC in June 1997. He further obtained a master of Finance degree from the Sun Yat-sen University in the PRC in June 2000. Mr. Zhao was accredited as a member of The Association of Chartered Certified Accountants in November 2006, a fellow member of The Association of Chartered Certified Accountants in April 2012 and was granted the designation of Financial Risk Manager from the Global Association of Risk Professionals in March 2017.

Ms. Guan Yan ("**Ms. Guan**"), aged 40, was appointed as an independent non-executive Director on 12 July 2018. She is also a member of the audit committee and remuneration committee of the Company. She was employed by Peregrine Services Limited, the service company of Herbert Smith Freehills Hong Kong from November 2003 to September 2007 and her last position was legal manager of that company. From January 2008 to March 2018, Ms. Guan held various positions at Shearman & Sterling, Hong Kong Office (including legal assistant, registered foreign lawyer, assistant solicitor and consultant). Ms. Guan is a legal counsel at New World Development Company Limited since April 2019. Ms. Guan obtained a bachelor degree in Laws from the Peking University in July 2002, a master of Laws from University College London in November 2003 and a master of Laws in corporate law degree from the New York University in May 2006.

* *For identification purpose only*

REPORT OF THE DIRECTORS

The Board is pleased to present the annual report together with the audited consolidated financial statements for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activity of the Company and its subsidiaries are set out in notes 1 and 31 to the consolidated financial statements, respectively.

BUSINESS REVIEW

A review of the business of the Group for the Reporting Period and a discussion on the Group's future business development are provided in the Management Discussion and Analysis on pages 5 to 13. The principal risks and uncertainties facing the Group are disclosed in the section headed "Financial risk management" in note 39 to the consolidated financial statements.

Important events affecting the Group is provided in the Management Discussion and Analysis on page 7 and disclosed in the section headed "Events after the reporting date" in note 43 to the consolidated financial statements since the end of the financial year under review.

An analysis of the Group's performance during the year using financial key performance indicators is provided in the Five Years' Financial Summary on page 132. The Group is committed to supporting the environmental sustainability. The Group has complied with laws and regulations regarding environmental protection and adopted effective measures to achieve efficient use of resources and energy saving. Green initiatives and measures have been adopted in the Group's operation. More details will be disclosed in the "Environmental, Social and Governance Report" which will be issued in accordance with the requirements under the GEM Listing Rules.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors recognise that employees, customers and business partners are the keys to the sustainable development of the Group. The Group is committed to building a close and caring relationship with its employees and business partners and improving the quality of services to the customers.

Employees are regarded as the most important and valuable assets of the Group. The Group ensures all staff is reasonably remunerated, strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills.

The Group also stays connected with its customers and suppliers and has ongoing communication with the customers and suppliers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions.

CONSOLIDATED FINANCIAL STATEMENTS

The results of the Group and the state of the Group's and the Company's affairs for the year ended 31 March 2021 are set out in the consolidated financial statements on pages 48 to 131.

DIVIDEND

The Board did not recommend payment of final dividend to shareholders of the Company for the year ended 31 March 2021 (2020: nil).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years are set out on page 132.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the Reporting Period are set out in note 15 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries during the Reporting Period are set out in note 31 to the consolidated financial statements.

SHARE CAPITAL AND SHARE PREMIUM

The Company's total issued share capital as at 31 March 2021 was 1,661,756,697 ordinary Shares of HK$0.01 each.

Details of the 2020 Rights Issue are set out in the Management Discussion and Analysis on page 12.

Details of movements of the share capital and the share premium of the Company during the Reporting Period are set out in notes 27 and 30 to the consolidated financial statements, respectively.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the sections headed "Share Option Scheme" and "Connected Transaction" of this report, no equity-linked agreement was entered into by the Company during the Reporting Period.

CHARITABLE DONATIONS

During the Reporting Period, there was no charitable and other donations made by the Group (2020: nil).

EMOLUMENT POLICY FOR DIRECTORS

The Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors of the Group. The remunerations of the Directors are determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

RESERVES

Details of movements of reserves of the Group are set out in the consolidated statement of changes in equity on page 51.

As at 31 March 2021, the reserves of the Company available for distribution, as calculated under the provisions of Cayman Islands' legislation, were approximately HK$(21,727,000) (2020: approximately HK$(19,764,000)).

DIRECTORS

The Directors during the year ended 31 March 2021 and up to the date of this report were:

Executive Directors

Mr. Song Xiaoming *(Chairman)*
Ms. Pang Xiaoli *(resigned on 25 August 2020)*
Ms. Song Shiqing *(appointed on 25 August 2020)*
Mr. Hon Hoi Chuen
Ms. Lin Shuxian

Non-executive Director

Mr. Chung Man Lai

Independent Non-executive Directors

Mr. Li Zhongfei
Mr. Zhao Jinsong
Ms. Guan Yan

The biographical details of existing Directors are set out in the section headed "Biographies of Directors" in this report.

Information regarding Directors' emoluments is set out in note 34 to the consolidated financial statements.

An annual confirmation of independence pursuant to the requirements under Rule 5.09 of the GEM Listing Rules has been received from each of the independent non-executive Directors.

DIRECTORS' SERVICE CONTRACTS

Each of the existing executive Directors has entered into service contract with the Company for the year ended 31 March 2021. Each of the existing non-executive Director and INEDs has entered into a service contract with the Company for a term of three years unless terminated by not less than three months' notice in writing served by either party on the other.

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

Each of the executive Directors shall also be entitled to discretionary bonus to be determined by the Board based on, among other things, the performance of the individual directors and the overall financial position of the Group, and is subject to the recommendation of the Remuneration Committee.

DISCLOSURE OF INTERESTS

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

As at 31 March 2021, the interests and short positions of the Directors and chief executive 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 were 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 under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rule 5.46 to 5.68 of the GEM Listing Rules, were as follows:

Long position in the Shares and underlying Shares of the Company

Name of Directors	Capacity/Nature of interests	Number of ordinary shares held/interested	Number of underlying shares held/ interested pursuant to share options	Approximate percentage of the total number of issued shares of the Company
Song Xiaoming ("**Mr. Song**")	Interest in a controlled corporation	922,325,231(L)*(Note 1)*	–	55.50%
Hon Hoi Chuen	Beneficial owner	–	12,671,279(L) *(Note 2)*	0.76%
Lin Shuxian ("**Ms. Lin**")	Beneficial owner	–	12,671,279(L) *(Note 2)*	0.76%
Li Zhongfei	Beneficial owner	–	1,018,868(L) *(Note 2)*	0.06%
Zhao Jinsong	Beneficial owner	–	1,018,868(L) *(Note 2)*	0.06%
Guan Yan	Beneficial owner	–	1,018,868(L) *(Note 2)*	0.06%

(L) represents a long position in the Shares

Notes:

1. According to information available to the Company, Greatwalle Holding Limited is wholly-owned by 廣州南沙區匯銘投資業務有限公司 ("**Nansha Huiming**"). Nansha Huiming is held as to approximately 91.9992% by Huili Jiu Hao Investment, and as to 0.0008% by Mr. Song. Huili Jiu Hao Investment is held as to 99.0000% by Great Walle Investment. Great Walle Investment is ultimately controlled by Mr. Song (as to approximately 68.9039% directly, and as to approximately 21.9995% indirectly through a wholly-owned company, 深圳弘德商務服務有限公司). As such, Mr. Song is deemed to be interested in the above companies and the Shares and the underlying Shares of the Company under the SFO.

2. These long positions represent the share options granted by the Company under the Share Option Scheme. For details, please refer to the section headed "Share Option Scheme" below.

Long positions in the interest in the associated corporations

Name	Name of the associated corporation	Capacity/nature	Number of shares, underlying shares held/ interested	Approximate percentage of total number of issued shares of the associated corporations
Mr. Song	Greatwalle Holding Limited	Interest in a controlled corporation	1,000,000	100.0000%
	廣州南沙區匯銘投資業務有限公司 (Guangzhou Nansha Huiming Investment Business Company Limited*)	Beneficial owner	1,000	0.0008%
		Interest in a controlled corporation	110,000,000	91.9992%
	深圳匯理九號投資諮詢企業（有限合夥）(Shenzhen Huili Jiu Hao Investment Consulting Enterprise Limited Partnership*)	Interest in a controlled corporation	990,000 *(Note)*	99.0000%
	深圳長城匯理投資股份有限公司 (Shenzhen Great Walle Investment Corp., Ltd.*)	Beneficial owner	3,828,902	68.9039%
		Interest in a controlled corporation	1,222,486	21.9995%
Ms. Lin	深圳長城匯理投資股份有限公司 (Shenzhen Great Walle Investment Corp., Ltd.*)	Beneficial owner	1,111	0.0200%

* *For identification purpose only*

Note: The associated corporation is a limited partnership with no share description or shares. The total number of shares represented the amount of capital contributed.

Save as disclosed above, as at 31 March 2021, none of the Directors or chief executive of the Company had or was deemed to have any interest or short position 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 were 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 under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.47 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS IN SECURITIES OF THE COMPANY

As at 31 March 2021, persons (other than a director or chief executive of the Company) who had or were deemed to have interests or short positions in the Shares and underlying Shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept under section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group were as follows:

Long positions in the Shares and underlying Shares of the Company

Name of substantial shareholders	Capacity/nature of interests	Number of shares held/interested	Approximate percentage of the total number of issued shares of the Company
Greatwalle Holding Limited	Beneficial owner	922,325,231(L)	55.50%
廣州南沙區匯銘投資業務有限公司 (Guangzhou Nansha Huiming Investment Business Company Limited*)	Interest of corporation controlled by the substantial shareholder *(Note)*	922,325,231(L)	55.50%
深圳匯理九號投資諮詢企業(有限合夥)(Shenzhen Huili Jiu Hao Investment Consulting Enterprise Limited Partnership*)	Interest of corporation controlled by the substantial shareholder *(Note)*	922,325,231(L)	55.50%
深圳長城匯理投資股份有限公司 (Shenzhen Great Walle Investment Corp., Ltd.*)	Interest of corporation controlled by the substantial shareholder *(Note)*	922,325,231(L)	55.50%

(L) represents a long position in the Shares

Note: According to information available to the Company, 922,325,231 Shares are held by Greatwalle Holding Limited in the capacity of beneficial owner. Greatwalle Holding Limited is wholly-owned by Nansha Huiming. Nansha Huiming is held as to approximately 91.9992% by Huili Jiu Hao Investment, and as to 0.0008% by Mr. Song. Huili Jiu Hao Investment is held as to 99.0000% by Great Walle Investment. As such, each of Nansha Huiming, Huili Jiu Hao Investment and Great Walle Investment is deemed to be interested in 922,325,231 Shares held by Greatwalle Holding Limited under the SFO.

Save as disclosed above, as at 31 March 2021, the Company had not been notified of other interests or short positions of substantial shareholders or any other person (other than the Directors, and chief executives of the Company) in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 31 July 2014 which will remain in force for a period of 10 years from the effective date of the Share Option Scheme. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards them for their contribution. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or services provider of the Group, options to subscribe at a price calculated in accordance with the basis below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group. The principal terms of the Share Option Scheme are summarised in the section headed “Share Option Scheme” in Appendix V to the prospectus of the Company dated 13 August 2014. The refreshment of the 10% scheme limit on the number of shares which may be allotted and issued upon the exercise of the options to be granted under the Share Option Scheme was approved by the shareholders in the annual general meeting of the Company held on 6 August 2019. As at the date of this report, the total number of Shares available for issue under the Share Option Scheme, including the outstanding share options, is 186,436,158 Shares, representing approximately 11.2% of the issued Shares of the Company as at the date of this report.

The maximum entitlement of each participant under the Share Option Scheme shall not exceed 1% of the Shares in issue and an offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine, which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof.

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

As at 31 March 2021, the share options to subscribe for an aggregate of 138,218,179 shares of the Company granted pursuant to the Share Option Scheme were outstanding. The details of the Share Option Scheme and the movements of the share options under the Share Option Scheme for the year ended 31 March 2021 are set out as follows:

					Number of share options *(Note 2)*						
Name or category of grantees	**Exercise Price during 1 April 2020 to 8 September 2020** (HK$) *(Note 2)*	**Exercise Price during 9 September 2020 to 31 March 2021** (HK$) *(Note 2)*	**Date of grant**	**Exercisable Period** *(Note 1)*	**Balance as at 1 April 2020**	**Granted during the Reporting Period**	**Exercised during the Reporting Period**	**Lapsed during the Reporting Period**	**Cancelled during the Reporting Period**	**Adjusted on 9 September 2020**	**Balance as at 31 March 2021**
Directors											
Mr. Hon Hoi Chuen	0.2380	0.2340	14 December 2018	14 December 2018 to 13 December 2028	9,156,186	–	–	–	–	172,758	9,328,944
	0.0904	0.0890	18 April 2019	18 April 2019 to 17 April 2029	3,280,440	–	–	–	–	61,895	3,342,335
Ms. Lin Shuxian	0.2380	0.2340	14 December 2018	14 December 2018 to 13 December 2028	9,156,186	–	–	–	–	172,758	9,328,944
	0.0904	0.0890	18 April 2019	18 April 2019 to 17 April 2029	3,280,440	–	–	–	–	61,895	3,342,335
Mr. Li Zhongfei	0.2380	0.2340	14 December 2018	14 December 2018 to 13 December 2028	915,618	–	–	–	–	17,276	932,894
	0.0904	0.0890	18 April 2019	18 April 2019 to 17 April 2029	84,382	–	–	–	–	1,592	85,974
Mr. Zhao Jinsong	0.2380	0.2340	14 December 2018	14 December 2018 to 13 December 2028	915,618	–	–	–	–	17,276	932,894
	0.0904	0.0890	18 April 2019	18 April 2019 to 17 April 2029	84,382	–	–	–	–	1,592	85,974
Ms. Guan Yan	0.2380	0.2340	14 December 2018	14 December 2018 to 13 December 2028	915,618	–	–	–	–	17,276	932,894
	0.0904	0.0890	18 April 2019	18 April 2019 to 17 April 2029	84,382	–	–	–	–	1,592	85,974
Former Directors											
Ms. Pang Xiaoli	0.0904	0.0890	18 April 2019	18 April 2019 to 17 April 2029	2,015,242	–	–	–	–	38,023	2,053,265
Mr. Li Mingming	0.2380	0.2340	14 December 2018	14 December 2018 to 13 December 2028	9,156,186	–	–	–	–	172,758	9,328,944
Other employees of the Group											
In aggregate	0.2380	0.2340	14 December 2018	14 December 2018 to 13 December 2028	9,156,186	–	–	–	–	172,758	9,328,944
	0.0904	0.0890	18 April 2019	18 April 2019 to 17 April 2029	13,869,027	–	–	–	–	261,681	14,130,708
	0.1470	0.1440	5 September 2019	5 September 2019 to 4 September 2021	73,588,691	–	–	–	–	1,388,465	74,977,156
Total					**135,658,584**	**–**	**–**	**–**	**–**	**2,559,595**	**138,218,179**

Notes:

1. All of the share options granted have no vesting period or vesting condition.
2. Adjustments on the exercise price and number of the outstanding share options were made upon the completion of rights issue on 9 September 2020. Please refer to the announcement dated 9 September 2020 for further details.

Save as disclosed above, no other share options were granted, exercised, cancelled or lapsed during the year ended 31 March 2021.

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS

The fair value of share options granted is recognised as employee cost with a corresponding increase in share option reserve within equity over the relevant vesting periods.

The Group recognised an expense of approximately HK$3,616,000 for the year ended 31 March 2020 in relation to (i) 25,353,163 share options granted by the Company on 18 April 2019 (fair value of approximately HK$957,000); (ii) 73,588,691 share options granted by the Company on 5 September 2019 (fair value of approximately HK$3,488,000); and (iii) 9,156,186 share options cancelled by the option holder of the Company which was granted on 14 December 2018 (fair value of approximately HK$(829,000)).

The fair value of share options granted on 18 April 2019 was HK$957,000, which was calculated using the binomial option pricing model (the "**Model**") with the following inputs:

Date of Grant:	18 April 2019
Closing price of the Shares on the date of grant:	HK$0.09
Exercise price:	HK$0.0904
Expected volatility *(Note 1)*:	106%
Expected life of option:	10 years
Expected dividend yield *(Note 2)*:	0%
Risk free rate *(Note 3)*:	1.71%

The fair value of share options granted on 5 September 2019 was HK$3,488,000, which was calculated using the Model with the following inputs:

Date of Grant:	5 September 2019
Closing price of the Shares on the date of grant:	HK$0.147
Exercise price:	HK$0.147
Expected volatility *(Note 1)*:	97%
Expected life of option:	2 years
Expected dividend yield *(Note 2)*:	0%
Risk free rate *(Note 3)*:	1.52%

The Model is one of the commonly used models to estimate the fair value of an option. The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

After vesting, when the share options are forfeited before expiry or expire, the amount previously recognised in share options reserve will be transferred to retained profits.

Notes:

1. The expected volatility was determined based on the annualized volatility of the historical share prices of the Company with similar tenor as the life of the options before the valuation date, 18 April 2019 and 5 September 2019 for the share options granted by the Company on 18 April 2019 and 5 September 2019, respectively (the "**Valuation Date**"), or longest available.
2. The expected dividend yield was determined based on the historical dividend payment record of the Company.
3. The risk-free rate was determined with reference to the yields of Hong Kong Monetary Authority exchange fund notes and government bond fixings with similar life as the options quoted around the Valuation Date.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2021.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2021, the Group's five largest customers accounted for approximately 81% (2020: approximately 77.6%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 45% (2020: approximately 60.4%) of the total revenue.

During the year ended 31 March 2021, the Group's five largest suppliers accounted for approximately 24% (2020: approximately 14.6%) and the largest supplier of the Group accounted for approximately 6% (2020: approximately 43.3%) of the total purchase.

None of the Directors or any of their close associates, or any shareholder (which to the knowledge of the Directors own 5% or more of the Company's total number of issued shares) had any beneficial interest in the Group's five largest customers and suppliers.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

Save for the disclosed under the sections headed "Related Party/Continuing Connected transactions" and "Connected Transaction" below and the related party transactions disclosed in note 37 to the consolidated financial statements, no contract of significance to which the Company, its holding Company or any of its subsidiaries was a party and in which a Director had a material interest directly or indirectly subsisted at the end of the Reporting Period or at any time during the Reporting Period and no contract of significance has been entered into during the Reporting Period between the Company or any of its subsidiaries and the controlling shareholders or any its subsidiaries.

No contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries was entered into during the Reporting Period and as at the date of this report.

MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the section headed "Share Option Scheme" disclosed above, at no time during the year ended 31 March 2021 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

RELATED PARTY/CONTINUING CONNECTED TRANSACTION

Save as disclosed in this report, the Directors consider that those related party transactions disclosed in note 37 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

On 6 November 2018 (after trading hours), 深圳玖立投資諮詢有限公司 (Shenzhen Jiuli Investment Advisory Co., Ltd.*) ("**Shenzhen Jiuli**"), a wholly-owned subsidiary of the Company, entered into an advisory service agreement with 深圳長城匯理資產管理有限公司 (Shenzhen Great Walle Capital Management Co., Ltd.*) ("**Great Walle Capital Management**"), pursuant to which Shenzhen Jiuli shall provide business advisory and management services to Great Walle Capital Management in relation to its private equity fund manager business.

Great Walle Investment is the indirect controlling shareholder of the Company, which held indirectly approximately 56.18% of the number of issued shares of the Company as at the date of the advisory service agreement. Therefore, Great Walle Investment is a connected person of the Company. As Great Walle Capital Management is a wholly-owned subsidiary of Great Walle Investment, Great Walle Capital Management is also a connected person of the Company. As a result, the transactions contemplated under the advisory service agreement constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules.

Advisory service commenced from 6 November 2018 for a term of three years. Shenzhen Jiuli shall charge a fixed advisory service fee of RMB127,700 from Great Walle Capital Management on a monthly basis, as well as a variable service fee determined upon the possible variable performance fee to be charged by Great Walle Capital Management as the private equity fund manager for 長城匯理戰略併購9號基金 (Great Walle Strategic Merger and Acquisition Fund No. 9*), and such performance fee to be received by Great Walle Capital Management shall be calculated based on the increment of the net value of the fund upon its liquidation as compared to that on the inception date.

The annual caps are as follows:

Period	**Annual caps** *RMB*
Effective date to 31 March 2019	7,100,000 (equivalent to approximately HK$8,040,770)
1 April 2019 to 31 March 2020	8,000,000 (equivalent to approximately HK$9,060,023)
1 April 2020 to 31 March 2021	8,000,000 (equivalent to approximately HK$9,060,023)
1 April 2021 to 5 November 2021	6,600,000 (equivalent to approximately HK$7,474,519)

The management team of the Company is well experienced in fund operation and corporate management, and it is anticipated that their experience in the fund industry shall facilitate the Group's business diversification as well as expanding its business into financial service sector. The provision of the business advisory and management services by the Group shall provide an opportunity to the Group to enter the business advisory and consultation industry, as well as realising its long term development strategy of business diversification and benefit from the rapid growth of the Chinese financial industry, so as to create value for the shareholders.

The Directors (including the independent non-executive Directors) consider that the advisory service fee was determined between the parties after arm's length negotiation, the relevant terms are on normal commercial terms or better, are fair and reasonable and in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole, and the annual caps are fair and reasonable.

The independent non-executive directors of the Company have reviewed the transactions and confirmed that they have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing the transactions on terms that are fair and reasonable and in the interests of the shareholders as a whole.

* *For identification purpose only*

The Company's auditor was engaged to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transaction set out above in accordance with Rule 20.54 of the GEM Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

As the transaction is on normal commercial terms or better, and all of the applicable percentage ratios in respect of each of the annual caps of the transactions are less than 25%, and the aggregate annual advisory service fees to be received is less than HK$10,000,000, such transactions are subject to the reporting, announcement and annual review requirements, but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Rule 20.74(2) of the GEM Listing Rules. Further details of the agreement are set out in the announcements of the Company dated 6 November 2018 and 8 November 2018.

CONNECTED TRANSACTION

On 18 March 2021, the Company entered into the subscription agreement with Walle Holding Limited, a company wholly-owned by Mr. Song Xiaoming, the executive Director, chairman of the Company and the controlling shareholder of the Company, pursuant to which the Company has conditionally agreed to allot and issue, and Walle Holding Limited has conditionally agreed to subscribe for, the 249,090,909 new consolidated ordinary shares at the subscription price of HK$0.275 per subscription share.

The total amount payable by Walle Holding Limited to the Company under the subscription agreement will be satisfied by the capitalization and full settlement of the shareholder's loan provided by Greatwalle Holding Limited, a company controlled by Mr. Song Xiaoming, to the Company from time to time under the revolving loan facility in the sum of HK$68.5 million (the "**Shareholder Loan**"). Upon completion, the total amount of the Shareholder Loan will be reduced entirely.

In order to further expand the business scale of the Group's principal businesses, the Company's management has been committed to exploring business and investment opportunities and developing its security guarding business in the PRC and its asset management business. In light of the rapid business developments of the Company, the Company has expanded new business opportunities in Shandong Province in the PRC for its security guarding services and identified potential merger and acquisition targets for its asset management business in the latter half year of 2020 (the "**Business Expansion Plan**"). The Business Expansion Plan was not in the Company's initial business development plan when conducting the 2020 Rights Issue. The Directors estimate that the total amount of investment for the Business Expansion Plan would be approximately HK$68.5 million. As at the date of the subscription agreement, the unutilized net proceeds allocated to its security guarding and asset management business from the 2020 Rights Issue were approximately HK$3.9 million and HK$1.8 million, respectively which are insufficient to support the funding requirements of the Business Expansion Plan.

In order to meet the funding requirements of the Business Expansion Plan, the Board has approached securities firms and banks and considered other fund-raising alternatives. However and having considered the Group's (i) difficulties in obtaining additional financing under the existing financing environment given the Company's past business and financial performance; (ii) the economic and financial impact to the market price of the shares through other equity fundraising activities; (iii) the Group's ability to repay its loans and interest when they fall due; (iv) the need to improve the net current assets of the Company before the end of the financial year and (v) the Company's interest in the Business Expansion Plan, the Board is of the view that the capitalization and full settlement of the Shareholder Loan in the sum of HK$68.5 million via the subscription to be the most feasible and appropriate means to raise funding for the Business Expansion Plan.

As at the date of this announcement, the Group was indebted to Greatwalle Holding Limited in the aggregate sum of approximately HK$68.5 million under the Shareholder Loan. Pursuant to the subscription agreement, the subscription price will be settled by way of capitalization and full settlement of the Shareholder Loan in the sum of HK$68.5 million. The Directors believe that the capitalization and full settlement of the Shareholder Loan to be in the interests of the Company as it can alleviate the repayment pressure of the Group and avoid unnecessary cash outflows from the Group in the future.

The Board also considers that following the completion, the subscription will enlarge the capital base of the Company and will reduce the gearing level of the Group thereby strengthening the financial position of the Group. It is expected that the Subscription will not have any material adverse impact on the operation and financial position of the Group.

The completion is conditional upon the fulfillment of the following conditions:

(i) the approval of the subscription agreement and the transactions contemplated thereunder by the Board;

(ii) the approval of the subscription agreement and the transactions contemplated thereunder, including the granting of the specific mandate, by the independent shareholders at the EGM;

(iii) Greatwalle Holding Limited, Walle Holding Limited and the Company have entered into the deed of novation;

(iv) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the subscription shares;

(v) upon the share consolidation becoming effective and dealings in the consolidated shares have commenced;

(vi) all other necessary consents, approvals, permits or licenses required to be obtained from the relevant governmental authorities or regulatory bodies on the part of the Company and/or Walle Holding Limited, if any, for the subscription agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect.

For details, please refer to the Company’s announcement dated 18 March 2021, 13 April 2021, 27 April 2021, 17 May 2021, 31 May 2021 and 11 June 2021.

INTERESTS IN COMPETING BUSINESS

During the year ended 31 March 2021, none of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) was considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information that is publicly available to the Company, at least 25% of the Company’s issued share capital were held by the public as at the date of this report.

PERMITTED INDEMNITY CLAUSE

For the year ended 31 March 2021, pursuant to the Articles, all legal costs, expenses, fees, losses, damages and expenditures incurred during the performance of duties by executive Directors of the Company may be indemnified by the assets and profits of the Company.

AUDITOR

The Company had not changed its external auditor during the three years ended 31 March 2021 and up to the date of this report.

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established the Audit Committee with written terms of reference aligned with the provisions of the CG Code. 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 Mr. Zhao Jinsong (chairman of the Audit Committee), Mr. Li Zhongfei and Ms. Guan Yan all of which are independent non-executive Directors.

The Audit Committee had reviewed the audited annual result of the Group for the financial year ended 31 March 2021, and was of the opinion that the audited consolidated financial statements had been prepared in compliance with the applicable accounting standards and the GEM Listing Rules.

CHANGE OF DIRECTORS' INFORMATION

Each of the executive Directors is not entitled to any Director's fee with effect from 23 June 2021.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2021 and up to the date of this report.

On behalf of the Board
Song Xiaoming
Chairman

Hong Kong, 23 June 2021

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF GREATWALLE INC.
長城匯理公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Greatwalle Inc. (the "Company") and its subsidiaries (together the "Group") set out on pages 48 to 131, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment assessment on property, plant and equipment and goodwill relating to security guarding and property management business

Refer to notes 15 and 16 to the consolidated financial statements

As at 31 March 2021, the Group had property, plant and equipment and goodwill with carrying amounts of HK$12,373,000 and HK$1,027,000 respectively arising from security guarding and property management business.

Management will perform impairment assessment on the amount of goodwill at least annually, and will perform impairment assessment when there is an indication that property, plant and equipment with definite useful lives may be impaired. For the purpose of assessing impairment, management assessed the recoverable amount of these assets based on higher of its fair value less costs of disposal and value-in-use. These assets were allocated to cash generating units ("CGU"), and the recoverable amount of each CGU was determined by management based on higher of value-in-use calculations using cash flow projections and fair value less cost of disposal.

The impairment test involves significant judgements and assumption by the management under the value-in-use calculation and the determination of fair value less cost of disposal.

Management concluded that, based on the impairment assessment, no impairment losses would be recognised for the year.

Our response:

Our key procedures in relation to the impairment assessment by the Group's management on property, plant and equipment and goodwill of Security Guarding and property management CGU included:

i. obtaining and reviewing the valuation report prepared by the independent professional valuer engaged by the Group;

ii. discussing with the independent professional valuer and challenging the key estimates and assumptions adopted in the valuations, and to assess the independence, objectivity, qualifications and expertise of the independent professional valuer;

iii. involving an auditor's valuation expert to assist our work in assessing the valuation methodology adopted by the independent professional valuer and comparing the key estimates and assumptions adopted in the valuation; and

iv. checking input data to supporting evidences, such as approved budgets and assessing the reasonableness of these budgets.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

BDO Limited
Certified Public Accountants

Lui Chi Kin
Practising Certificate Number P06162

Hong Kong, 23 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	**2021 HK$'000**	2020 HK$'000
Continuing operations			
Revenue	7	**62,035**	41,150
Cost of services rendered		**(56,531)**	(32,051)
Gross profit		**5,504**	9,099
Other income and losses, net	8	**7,087**	601
Administrative expenses		**(25,563)**	(45,705)
Impairment loss on trade receivables		**(3,610)**	(422)
Finance costs	9	**(2,257)**	(2,445)
Loss before income tax	10	**(18,839)**	(38,872)
Income tax expense	11	**(180)**	(15)
Loss for the year from continuing operations		**(19,019)**	(38,887)
Discontinued operations			
Profit/(Loss) for the year from discontinued operations	12	**20**	(12)
Loss for the year		**(18,999)**	(38,899)
Other comprehensive income that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of financial statements of foreign operations		**1,211**	(369)
Other comprehensive income for the year		**1,211**	(369)
Total comprehensive income for the year		**(17,788)**	(39,268)
Loss for the year attributable to:			
Owners of the Company		**(16,959)**	(38,806)
Non-controlling interests		**(2,040)**	(93)
		(18,999)	(38,899)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(15,970)**	(39,226)
Non-controlling interests		**(1,818)**	(42)
		(17,788)	(39,268)
		HK cents	HK cents (Restated)
Loss per share for loss attributable to owners of the Company from continuing and discontinued operations	14		
– Basic and diluted		**(1.14)**	(3.06)
From continuing operations			
– Basic and diluted		**(1.14)**	(3.06)
From discontinued operations			
– Basic and diluted		**–**	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	**2021 HK$'000**	2020 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**13,517**	13,306
Goodwill	16	**1,263**	1,165
Other intangible assets	17	**–**	356
Amount due from the non-controlling equity holder of a subsidiary	19(a)	**228**	210
		15,008	15,037
Current assets			
Trade receivables	21	**12,093**	23,166
Prepayments, deposits and other receivables	21	**3,223**	3,379
Amount due from a related party	19(b)	**345**	–
Cash at banks and in hand		**85,010**	16,420
		100,671	42,965
Current liabilities			
Trade payables	22	**5,114**	14,828
Accrued expenses and other payables	22	**15,712**	15,234
Loans from related parties	19(b)	**70,727**	6,976
Amounts due to related parties	19(b)	**758**	1,879
Amount due to an associate	19(c)	**–**	349
Lease liabilities	23	**789**	421
Promissory note payable	24	**20,150**	22,550
Borrowings	25	**6,313**	–
		119,563	62,237
Net current liabilities		**(18,892)**	(19,272)
Total assets less current liabilities		**(3,884)**	(4,235)
Non-current liabilities			
Lease liabilities	23	**337**	–
Contingent consideration payable	26	**–**	2,033
		337	2,033
Net liabilities		**(4,221)**	(6,268)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	**2021 HK$'000**	2020 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	**16,618**	12,463
Reserves	28	**(19,956)**	(19,666)
		(3,338)	(7,203)
Non-controlling interests		**(883)**	935
Capital deficiencies		**(4,221)**	(6,268)

These financial statements on pages 48 to 131 were approved and authorised for issue by the board of directors on 23 June 2021 and signed on its behalf by:

Song Xiaoming
Director

Song Shiqing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Equity attributable to owners to the Company								
	Share capital HK$'000	Share premium* HK$'000	Share options reserve* HK$'000	Merger reserve* HK$'000	Foreign exchange reserve* HK$'000	Accumulated losses* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Capital deficiencies HK$'000
At 1 April 2019	12,437	153,487	4,828	(5,270)	831	(138,974)	27,339	(1,880)	25,459
Equity-settled share options expenses *(note 29)*	–	–	4,445	–	–	–	4,445	–	4,445
Share options exercised *(note 29)*	26	318	(105)	–	–	–	239	–	239
Lapse of share options	–	–	(829)	–	–	829	–	–	–
Arising from acquisition of subsidiaries *(note 32)*	–	–	–	–	–	–	–	2,857	2,857
Transactions with owners	26	318	3,511	–	–	829	4,684	2,857	7,541
Loss for the year	–	–	–	–	–	(38,806)	(38,806)	(93)	(38,899)
Other comprehensive income:									
Exchange difference on translation of financial statements of foreign operations	–	–	–	–	(420)	–	(420)	51	(369)
Total comprehensive income for the year	–	–	–	–	(420)	(38,806)	(39,226)	(42)	(39,268)
At 31 March 2020 and 1 April 2020	12,463	153,805	8,339	(5,270)	411	(176,951)	(7,203)	935	(6,268)
Issue of shares *(note 27)*	4,155	16,617	–	–	–	–	20,772	–	20,772
Transaction cost for rights issue *(note 27)*	–	(937)	–	–	–	–	(937)	–	(937)
Transactions with owners	4,155	15,680	–	–	–	–	19,835	–	19,835
Loss for the year	–	–	–	–	–	(16,959)	(16,959)	(2,040)	(18,999)
Other comprehensive income:									
Exchange difference on translation of financial statements of foreign operations	–	–	–	–	989	–	989	222	1,211
Total comprehensive income for the year	–	–	–	–	989	(16,959)	(15,970)	(1,818)	(17,788)
At 31 March 2021	16,618	169,485	8,339	(5,270)	1,400	(193,910)	(3,338)	(883)	(4,221)

* The total of these accounts represents “Reserves” in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	**2021 HK$'000**	2020 HK$'000
Cash flows from operating activities			
Loss before income tax			
Continuing operations		**(18,839)**	(38,872)
Discontinued operations		**20**	(12)
		(18,819)	(38,884)
Adjustments for:			
Amortisation of other intangible assets		**356**	578
Bank interest income	8	**(27)**	(35)
Gain on modification of terms of promissory note	10	**(2,400)**	–
Depreciation of property, plant and equipment	10	**1,946**	2,440
Gain on disposal of property, plant and equipment	8	**(15)**	(2)
Gain on disposal of subsidiaries	33	**(44)**	–
Equity-settled share options expenses		**–**	4,445
Interests charges on loans from related parties	9	**46**	12
Interest charges on promissory note	9	**1,800**	2,400
Interest on lease liabilities	9	**35**	33
Interest on borrowings	9	**376**	–
Write-off of property, plant and equipment		**–**	1,647
Impairment loss on trade receivables		**3,610**	422
Fair value change on contingent consideration payable	8	**(2,250)**	(166)
Operating loss before working capital changes		**(15,386)**	(27,110)
Decrease/(Increase) in trade receivables		**7,463**	(19,558)
Decrease/(Increase) in prepayments, deposits and other receivables		**156**	(420)
Increase in amount due from a related party		**(345)**	–
(Decrease)/Increase in trade payables		**(9,714)**	14,135
Increase in accrued expenses and other payables		**518**	496
Decrease in amounts due to related parties		**(345)**	(331)
Cash used in operations		**(17,653)**	(32,788)
Net income tax (paid)/refund		**(180)**	1,574
Interest received		**27**	35
Net cash used in operating activities		**(17,806)**	(31,179)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 HK$'000	2020 HK$'000
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**15**	2
Purchase of property, plant and equipment		**–**	(21)
Net cash outflow arising from acquisition of interests in subsidiaries		**–**	(1,797)
Net cash generated from/(used) in investing activities		**15**	(1,816)
Cash flows from financing activities			
Interest paid for promissory note		**(1,800)**	–
Interest paid for borrowings		**(265)**	–
Repayments of capital element of lease liabilities	42	**(934)**	(987)
Repayments of interest element of lease liabilities	42	**(35)**	(33)
Share options exercised		**–**	239
Proceeds from rights issue	27	**20,772**	–
Expenses on the rights issue	27	**(937)**	–
Proceeds from borrowings	42	**6,202**	–
Advance from loans from related parties	42	**70,681**	8,615
Repayments to loans from related parties	42	**(6,976)**	(2,733)
Increase in from amounts due to related parties	42	**–**	1,355
Decrease in amounts due to related parties	42	**(1,121)**	(1,204)
Net cash generated from financing activities		**85,587**	5,252
Net increase/(decrease) in cash and cash equivalents		**67,796**	(27,743)
Cash and cash equivalents at beginning of year		**16,420**	44,409
Effect of foreign exchange rates change		**794**	(246)
Cash and cash equivalents at end of year		**85,010**	16,420
Analysis of balances of cash and cash equivalents			
Cash at banks and in hand		**85,010**	16,420

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. GENERAL INFORMATION

Greatwalle Inc. (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 2 January 2014. The Company's registered office is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. Its principal place of business is located at Room 2008, 20th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.

The Company's shares were listed on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 August 2014.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries (together with the Company hereinafter referred to as the "Group") are set out in note 31 to the consolidated financial statements.

The directors of the Company considered the Company's ultimate holding company as at 31 March 2021 is Shenzhen Great Walle Investment Corp., LTD. ("Shenzhen Great Walle"), a company established in the People's Republic of China and its ultimate controlling party is Mr. Song Xiaoming ("Mr. Song").

The consolidated financial statements for the year ended 31 March 2021 were approved for issue by the board of directors on 23 June 2021.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 April 2020

In the current year, the Group has applied for the first time the following new or amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are relevant to and effective for the Group's financial statements for the annual year beginning on 1 April 2020:

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

None of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[4]
Amendments to HKAS 8	Definition of Accounting Estimates[4]
Amendments to HKAS 12	Recognition of Deferred Tax Liabilities and Deferred Tax Assets[4]
Amendments to HKAS 16	Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[3]
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS Standards	Annual Improvements to HKFRSs 2018-2020[2]

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

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

3 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

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

5 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

(b) New/revised HKFRSs that have been issued but are not yet effective – Continued

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

The key amendments to HKAS 1 include:

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

Amended HKFRS Practice Statement 2 includes guidance and two additional examples on the application of materiality to accounting policy disclosures.

Amendments to HKAS 8 – Definition of Accounting Estimates

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Amendments to HKAS 12 – Scope of the recognition exemption

The amendments narrow the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Amendments to HKAS 16 – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to HKAS 37 - Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

(b) New/revised HKFRSs that have been issued but are not yet effective – Continued

Amendments to HKFRS 3 – Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Interpretation 21 Levies, the acquirer applies HK(IFRIC)-Interpretation 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 – Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

(b) New/revised HKFRSs that have been issued but are not yet effective – Continued

Amendments to HKFRS Standard – Annual Improvements to HKFRSs 2018-2020

The annual improvements amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

- HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective terms include all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The Group incurred loss for the year ended 31 March 2021 of HK$18,999,000, and as at 31 March 2021, the Group has net current liabilities of HK$18,892,000 and capital deficiencies of HK$4,221,000, among which outstanding borrowings of HK$97,948,000, including loans from related parties of HK$70,727,000 (note 19(b)), amount due to fellow subsidiaries of HK$758,000 (note 19(b)), promissory note payable of HK$20,150,000 (note 24) and borrowings of HK$6,313,000 (note 25), are due for repayment within one year or on demand at the end of the reporting period.

For the purpose of the going concern assessment, the directors of the Company have prepared a cash flow forecast covering a period of 12 months from the end of the reporting period with due and careful consideration of the Group's future liquidity and financial performance, and also considered its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as going concern.

3. BASIS OF PREPARATION – Continued

The directors of the Company have adopted the following measures in order to strengthen the Group's financial position, liquidity and cash flows:

(a) As disclosed in note 19(b), as at 31 March 2021, the aggregate outstanding amount of the loans from related parties was HK$70,727,000 (including loan from immediate holding company of HK$68,500,000 and loan from ultimate holding company of HK$2,227,000), and aggregate outstanding amount of amounts due to fellow subsidiaries was HK$758,000. In June 2021, these related parties have undertaken and confirmed in writing for not to demand repayment of loans and debts due from the Group within next twelve months from the end of the reporting period and until such time when the repayment will not affect the Group's ability to repay other creditors in the normal course of business, whichever is longer;

(b) As at 31 March 2021, the outstanding amount of the promissory note was HK$20,150,000, which has been fall due for repayment on 5 October 2020. Subsequent to the end of the reporting period, the Group has entered into an extension agreement with the noteholder in respect of the extension on the maturity date of the promissory note to 30 April 2022.

Based on the above, the directors of the Company considered the Group will have sufficient working capital to finance its operations and to meet its financial obligations that will be fall due within next twelve months from 31 March 2021. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.1 Business combination and basis of consolidation – Continued

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4.3 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amounts are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.3 Associates – Continued

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

4.4 Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as joint ventures where the Group has rights to only the net assets of the joint arrangements.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method – see note 4.3).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.5 Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4.6 Foreign currencies translation

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

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

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Company (i.e. HK$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of the reporting period. Exchange differences arisen, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

Property, plant and equipment are depreciated so as to write off their cost over their estimated useful lives on a straight-line basis. The estimated useful lives are, at the following rates per annum:

Leasehold improvements	4% to 12% or over the lease term, whichever is shorter
Furniture and equipment	20% – 33%
Motor vehicles	25%
Right-of-use assets	Shorter of estimated useful lives or the lease terms

The assets' depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at the end of reporting date.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.8 Other intangible assets

Other intangible assets acquired separately are initially recognised at cost. Subsequently, other intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses (note 4.14). The costs of other intangible assets under development are not subject to amortisation until they are completed and available for use.

Other intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately. When an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years.

Amortisation on other intangible assets with finite useful life is provided on a straight-line basis over their useful lives as follows. The amortisation expense is recognised in profit or loss and included in administrative expenses.

Computerised operating and guarding system	33%

4.9 Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.9 Financial instruments – Continued

(i) Financial assets – Continued

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.9 Financial instruments – Continued

(ii) Impairment loss on financial assets – Continued

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 1 year past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.9 Financial instruments – Continued

(iii) Financial liabilities – Continued

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, accrued expenses and other payables, loans from related parties, amounts due to related parties/an associate and promissory note payable are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.10 Leases

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group also has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.11 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand as well as short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.12 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- 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.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.12 Revenue recognition – Continued

(i) Provision of security guarding and property management services

Revenue is recognised over time as those services are provided. Invoices for security guarding and property management services are issued on a monthly basis and are usually payable within 30 days.

(ii) Provision of business advisory and asset management services

Revenue from business advisory and asset management services is recognised over time as those services are provided. Invoices for regulated financial services are issued on a monthly basis and are usually payable within 30 days.

(iii) Performance-based fees

Revenue recognised by an asset manager can only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future periods. This means that performance fees will only be recognised once the contractual measurement period is completed.

(iv) Interest income

Interest income is accrued on a time apportionment basis using the effective interest method.

4.13 Accounting for income taxes

Income tax comprises current tax and deferred tax

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.13 Accounting for income taxes – Continued

Income tax comprises current tax and deferred tax – Continued

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

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

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

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

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

    (i) the same taxable entity; or

    (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.14 Impairment of non-financial assets

Property, plant and equipment, other intangible assets and interests in associates and subsidiaries are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

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

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

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.15 Employee benefits

Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.15 Employee benefits – Continued

Defined contribution retirement plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. Contributions are made based on a percentage of the employees' basic salaries to the maximum mandatory contributions as required by the MPF Scheme. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short-term nature. 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.

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

4.16 Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.17 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.18 Related parties

A party 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 key management personnel of the Group or the Company's parent.

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

(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 the employees of the Group or an entity related to the Group;

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

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

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

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

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.19 Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share options reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

4.20 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major lines of business.

The Group has identified the following reportable segments: (a) Security Guarding and property management and (b) Asset Management.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers, if any, are carried out at arm's length prices.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4.20 Segment reporting – Continued

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that fair value change on contingent consideration payable, finance costs, corporate income and expenses as incurred by the Group's headquarter and income tax expense are excluded from segment results.

Segment assets exclude corporate assets, which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter. These include corporate cash at banks and in hand.

Segment liabilities exclude corporate liabilities, which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include contingent consideration payable, promissory note payables and borrowings.

No asymmetrical allocations have been applied to reportable segments.

5. 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 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:

(a) ECL assessment

The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires judgement. In particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

(b) Depreciation and amortisation

The Group depreciated the property, plant and equipment and amortised the other intangible assets on a straight-line basis over their estimated useful lives, starting from the date on which the assets are placed into productive use. The estimated useful lives reflect the directors' best estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and other intangible assets.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – Continued

(c) Impairment assessment of goodwill, other intangible assets, property, plant and equipment

Determining whether goodwill, other intangible assets and property, plant and equipment are impaired requires an estimation of the higher of their fair value less costs of disposal and value-in-use of the cash-generation units ("CGUs") to which the goodwill, other intangible assets and property, plant and equipment have been allocated. Value-in-use calculation requires the Group to estimate the present value of the future cash flows expected to arise from the CGUs containing the goodwill and other intangible assets using suitable discount rates. Where the expected future cash flows arising from the relevant CGUs differ from the original estimation, an impairment loss may arise.

(d) Estimate of current tax and deferred tax

The Group is subject to income taxes in Hong Kong and the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such final tax liabilities determination is made.

(e) Going concern assumption

These consolidated financial statements have been prepared on a going concern basis based on the management assessment of the Group's cash position, a twelve-month cash flow forecast, and its availability of financing facilities as detailed in note 3 and reaching this conclusion involved critical judgement. However, because not all future events or conditions can be predicted, this assumption is not a guarantee as to the Group's and Company's ability to continue as a going concern.

(f) Revenue recognition - principal versus agent

Significant judgement is required in determining whether the Company is acting as principal, and reports revenue on a gross basis, or agent, and reports revenue on a net basis. The management evaluates each revenue stream and assess whether the Group controls each specified goods or services before that goods or services is transferred to the customers. The following indicators when determining whether it is acting as principal or agent in a transaction are also considered: (i) primary responsibility for fulfilling the promise to provide the specified goods or service, (ii) inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer and (iii) discretion in establishing the price for the specified good or service.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – Continued

(g) Fair value measurements

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

- Financial liabilities at fair value through profit or loss

6. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker has been identified as the Company's executive directors.

During the year ended 31 March 2021, the Group has completed the disposal of mobile game business. In accordance with HKFRS 5, the segment of mobile game business for the years ended 31 March 2021 and 2020 has been presented as discontinued operations in the Group's consolidated financial statements.

During the year ended 31 March 2021, the Group has not rendered any students' e-education and security services and no revenue is generated from this business sector. For the purpose of better presentation of the Group's segment performance, the assets, liabilities and results of the e-Education business for year ended 31 March 2021 have been presented under "unallocated". In this segment information, the comparative figures of the e-Education business for the year ended 31 March 2020 had also been re-presented to conform to current year's presentation.

During the year, the chief operating decision-maker has decided to rename the segment of revenue "Security Guarding" to "Security Guarding and Property Management" as the revenue of this segment comprised security guarding and property management services rendered to customers.

6. SEGMENT INFORMATION – Continued

The Group currently has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies as follows:

(a) "Security Guarding and Property Management" segment involves provision of security guarding and property management services; and

(b) "Asset Management" segment involves provision of business advisory and asset management services;

Revenue generated, loss incurred from operations, total assets and liabilities by each of the Group's operating segments are summarised as follows:

	Security Guarding and Property Management		Asset Management		Total	
	2021	2020	**2021**	2021	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**59,583**	38,851	**2,452**	2,299	**62,035**	41,150
Total segment loss from operations	**(11,601)**	(4,319)	**(7,612)**	(11,907)	**(19,213)**	(16,226)
Fair value change on contingent consideration payable					**2,250**	166
Finance costs					**(2,257)**	(2,445)
Unallocated corporate income					**689**	169
Unallocated corporate expenses					**(308)**	(20,536)
Loss before income tax					**(18,839)**	(38,872)
Income tax expense					**(180)**	(15)
Loss for the year from continuing operations					**(19,019)**	(38,887)

There was no inter-segments transfer during the years ended 31 March 2021 and 2020.

Unallocated corporate expenses mainly comprise legal and professional fees, remuneration and salaries.

	Security Guarding and Property Management		Asset Management		Total	
	2021	2020	**2021**	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information						
Depreciation of property, plant and equipment	**1,047**	1,406	**899**	1,028	**1,946**	2,434
Amortisation of other intangible assets	**356**	578	**–**	–	**356**	578
Impairment loss on trade receivables	**3,610**	422	**–**	–	**3,610**	422
Income tax expense	**160**	11	**20**	4	**180**	15
Capital expenditure*	**1,639**	7,380	**–**	239	**1,639**	7,619

* Capital expenditure consists of additions to property, plant and equipment, goodwill and other intangible assets.

6. SEGMENT INFORMATION – Continued

All assets are allocated to operating segments other than unallocated assets (mainly comprising certain other receivables and certain cash and cash equivalents).

	Security Guarding and Property Management		Asset Management		Total	
	2021	2020	**2021**	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**107,259**	41,981	**7,206**	8,305	**114,465**	50,286
Corporate cash at banks and in hand					**402**	6,524
Other corporate assets					**812**	1,192
Total assets					**115,679**	58,002

All liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising contingent consideration payable, promissory note payable, certain other payables and borrowings).

	Security Guarding and Property Management		Asset Management		Total	
	2021	2020	**2021**	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment liabilities	**41,060**	23,196	**2,776**	1,266	**43,836**	24,462
Contingent consideration payable					**–**	2,033
Promissory note payable					**20,150**	22,550
Borrowings					**6,313**	–
Other corporate liabilities					**49,601**	15,225
Total liabilities					**119,900**	64,270

Geographic information

The following table provides an analysis of the Group's revenue from external customers (including continuing and discontinued operations) and non-current assets other than financial instruments ("Specified non-current assets"). The geographical location of customers is based on the location at which the services are rendered. For goodwill and intangible assets, the geographical location is based on the areas of operation. The geographical location of other specified non-current assets is based on the physical location of the assets.

	Revenue from external customers (including continuing and discontinued operations)		Specific non-current assets	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (place of domicile)	**21,798**	33,000	**6,423**	7,248
The People's Republic of China ("PRC")	**40,237**	8,150	**7,521**	7,579
	62,035	41,150	**13,944**	14,827

6. SEGMENT INFORMATION – Continued

Information about major customers

Revenue from major customers in the segment of security guarding and property management, each of them accounted for 10% or more of the Group's revenue, are set out below:

	2021 HK$'000	2020 HK$'000
Customer A	**14,894**	24,530
Customer B	**27,837**	–

7. REVENUE

The principal activities of the Group are provision of security guarding and property management services and provision of business advisory and asset management services.

Disaggregation of revenue information

	2021 HK$'000	2020 HK$'000
Continuing operations		
Provision of security guarding and property management services	**59,583**	38,851
Provision of business advisory and asset management services	**2,452**	2,299
	62,035	41,150

Timing of revenue

	2021 HK$'000	2020 HK$'000
Over time	**62,035**	41,150

8. OTHER INCOME AND LOSSES, NET

	2021 HK$'000	2020 HK$'000
Continuing operations		
Bank interest income	**27**	35
Exchange gain	**345**	112
Fair value change on contingent consideration payable	**2,250**	166
Gain on modification of the terms of promissory note	**2,400**	–
Subsidies from Employment Support Scheme *(note)*	**1,643**	–
Gain on disposal of property, plant and equipment	**15**	2
Sundry income	**407**	286
	7,087	601

Note:

The amount represented government grants obtained from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Company's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have other unfulfilled obligations relating to this program.

9. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Continuing operations		
Interest charges on promissory note	**1,800**	2,400
Interests charges on loans from related parties	**46**	12
Interests charges on borrowings	**376**	–
Interest on lease liabilities	**35**	33
	2,257	2,445

10. LOSS BEFORE INCOME TAX

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

	2021 HK$'000	2020 HK$'000
Continuing operations		
Auditor's remuneration[1]		
– Provision for the year	**630**	850
– Over-provision in respect of prior years	**–**	(76)
	630	774
Amortisation of other intangible assets *(note 17)*[1]	**356**	578
Bad debts written-off *(note 21)*[1]	**–**	27
Cost of services rendered	**56,531**	32,051
Depreciation of property, plant and equipment *(note 15)*[1]		
– Owned property, plant and equipment	**224**	893
– Right-of-use assets included:		
– Ownership interest leasehold land and buildings	**251**	251
– Other properties leased for own use	**1,471**	1,296
	1,946	2,440
Short-term leases expenses *(note 23)*	**1,121**	5,944
Low-value assets leases expenses *(note 23)*	**12**	73
Employee benefits expenses (including directors' emoluments in note 34):		
Salaries, allowances and benefits in kind included in:		
– Cost of services rendered	**46,839**	17,193
– Administrative expenses	**12,575**	19,563
Retirement benefits – Defined contribution plans[2] included in:		
– Cost of services rendered	**361**	519
– Administrative expenses	**97**	143
Equity-settled share options expenses[1]	**–**	4,445
	59,872	41,863
Legal and professional fees[1]	**3,744**	2,839
Write-off of property, plant and equipment[1]	**–**	1,647
Impairment loss on trade receivables	**3,610**	422

1 Included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income

2 No forfeited contributions available for offset against existing contributions during the year

11. INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2021 HK$'000	2020 HK$'000
Current tax		
– PRC Enterprise Income Tax ("EIT")		
– Tax for the year	**51**	15
– Hong Kong Profits Tax		
– Under-provision in respect of prior years	**129**	–
	180	15

Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) on the estimated assessable profits of subsidiaries operating in Hong Kong for the year. EIT is calculated on estimated assessable profits of the subsidiaries' operations in PRC at 25% (2020: 25%).

The income tax expense for the year can be reconciled to the loss before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021 Continuing operations HK$'000	**2021 Discontinued operations HK$'000**	2020 Continuing operations HK$'000	2020 Discontinued operations HK$'000
(Loss)/Profit before income tax	**(18,839)**	**20**	(38,872)	(12)
Tax calculated at the statutory tax rate applicable to profits in the respective jurisdictions	**(4,208)**	**3**	(8,425)	(2)
Tax effect on non-deductible expenses	**5,118**	**–**	6,338	2
Tax effect on non-taxable income	**(2,244)**	**(3)**	(43)	–
Tax effect of temporary difference not recognised	**(202)**	**–**	(93)	–
Tax effect of tax losses not recognised	**1,587**	**–**	2,238	–
Under-provision in respect of prior years	**129**	**–**	–	–
Income tax expense	**180**	**–**	15	–

12. DISCONTINUED OPERATIONS

In March 2021, the Group has completed the disposal of the 100% equity interest of Golden Cross Trading Limited ("Golden Cross") to an independent third party. The principal activity of Golden Cross is provision of mobile game business, which has been classified as a discontinued operation for the year. For the purpose of presenting this discontinued operation, the comparative consolidated statement of comprehensive income and the related notes have been represented accordingly. The details of the disposal of Golden Cross have been set out in note 33 to the consolidated financial statements.

The results of the discontinued operation for the year ended 31 March 2021 and 2020 are as follows:

	2021 **HK$'000**	2020 HK$'000
Revenue	**–**	–
Administrative expenses	**(24)**	(12)
Loss before income tax	**(24)**	(12)
Gain on disposal of discontinued operations *(note 33)*	**44**	–
Income tax expense	**–**	–
Profit/(Loss) for the year from discontinued operations	**20**	(12)
Operating cash outflows	**(24)**	(12)
Financing cash inflows	**24**	12
Total cash flow	**–**	–

13. DIVIDEND

No dividend has been paid or declared by the Company during the year (2020: nil).

14. LOSS PER SHARE

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

Loss	2021 HK$'000	2020 HK$'000
(Loss)/Profit for the year attributable to owners of the Company		
– Continuing operations	**(16,979)**	(38,794)
– Discontinued operations	**20**	(12)
Loss from continuing operations and discontinued operations	**(16,959)**	(38,806)

Number of shares	2021 '000	2020 '000 (Restated)
Weighted average number of ordinary shares for |the purposes of basic loss per share	**1,488,406**	1,267,914

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company, and the weighted average number of approximately 1,488,406,000 (2020: 1,267,914,000 adjusted for the effect of the bonus element of the rights issue on 9 September 2020) ordinary shares in issue.

No adjustment had been made to the basic loss per share amounts presented for the years ended 31 March 2021 and 31 March 2020 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Right-of-use assets – land and buildings HK$'000	Total HK$'000
Cost					
At 1 April 2019	6,281	3,314	3,916	7,701	21,212
Additions	–	21	–	–	21
Acquisition of subsidiaries *(note 32)*	–	–	–	6,433	6,433
Disposal/write-off	(3,038)	(86)	(523)	–	(3,647)
Exchange realignment	–	(2)	–	(160)	(162)
At 31 March 2020 and 1 April 2020	3,243	3,247	3,393	13,974	23,857
Additions	–	–	–	1,639	1,639
Disposal/write-off	–	–	(275)	(380)	(655)
Exchange realignment	–	–	–	526	526
At 31 March 2021	3,243	3,247	3,118	15,759	25,367
Accumulated depreciation					
At 1 April 2019	1,650	3,040	3,667	1,763	10,120
Depreciation	494	229	170	1,547	2,440
Disposal/write-off	(1,411)	(66)	(523)	–	(2,000)
Exchange realignment	–	(1)	–	(8)	(9)
At 31 March 2020 and 1 April 2020	733	3,202	3,314	3,302	10,551
Depreciation	115	30	79	1,722	1,946
Disposal/write-off	–	–	(275)	(380)	(655)
Exchange realignment	–	–	–	8	8
At 31 March 2021	848	3,232	3,118	4,652	11,850
Net book value					
At 31 March 2021	2,395	15	–	11,107	13,517
At 31 March 2020	2,510	45	79	10,672	13,306

15. PROPERTY, PLANT AND EQUIPMENT – Continued

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2021 HK$'000	2020 HK$'000
Ownership interests leasehold land and buildings, carried at depreciated cost with remaining lease term of:		
– Between 10 and 50 years	**4,029**	4,279
Other properties leased for own use, carried at depreciated cost	**7,078**	6,393
	11,107	10,672

16. GOODWILL

The amount of goodwill capitalised as an asset recognised in the consolidated statement of financial position, arising from business combination, is as follows:

	2021 HK$'000	2020 HK$'000
At the beginning of the year		
Gross carrying amount	**37,420**	36,255
Accumulated impairment losses	**(36,255)**	(36,255)
Net carrying amount	**1,165**	–
Year ended 31 March		
Opening carrying amount	**1,165**	–
Acquisition of Zhong Jun Wei Shi *(note 32(a))*	**–**	972
Acquisition of Huiyu *(note 32(b))*	**–**	224
Exchange realignment	**98**	(31)
	1,263	1,165
At the end of the year		
Gross carrying amount	**37,518**	37,420
Accumulated impairment losses	**(36,255)**	(36,255)
Net carrying amount	**1,263**	1,165

16. GOODWILL – Continued

For the purpose of impairment testing, goodwill is allocated to the CGUs under PRC Security Guarding and Asset Management segments. The CGUs were identified as follows:

	2021 **HK$'000**	2020 HK$'000
PRC Security Guarding CGU	**1,027**	947
Asset Management CGU	**236**	218
Net carrying amount	**1,263**	1,165

Notes:

(a) PRC Security Guarding CGU

Goodwill acquired through business combination has been allocated to the cash generating unit of provision of security guarding services in PRC ("PRC Security Guarding CGU") for impairment testing.

For the purpose of impairment testing, goodwill and the property, plant and equipment of PRC Security Guarding CGU have been allocated to PRC Security Guarding CGU.

The recoverable amount for the PRC Security Guarding CGU has been determined based on value-in-use calculations estimated by the management with reference to the valuation performed by an independent firm of professional valuer. The calculation covered a period estimated by the Group to be indefinite as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on a detailed five-year budget plan approved by the management. The key assumptions were determined by the management based on its expectations for the business development. The estimated cash flows include budget revenue based on the historical performance, estimation of market development and future performance of the PRC Security Guarding CGU made by the management of the Group. The discount rate used is pre-tax and reflect specific risks relating to the industry in relation to PRC Security Guarding CGU.

The key assumptions used for value-in-use calculations are as follows:

	2021 **HK$'000**	2020 HK$'000
Terminal growth rate	**3%**	3%
Discount rate	**19%**	18.25%

The key assumptions were determined by the management based on its expectations for the business development.

16. GOODWILL – Continued

Notes: – Continued

(b) Asset Management CGU

Goodwill acquired through business combination of Guangzhou Huiyu Commercial Company Limited (note 32(b)) has been allocated to the cash generating unit of provision of asset management services ("Asset Management CGU") for impairment testing.

The recoverable amount for the Asset Management CGU has been determined based on value-in-use calculations estimated by the management with reference to the discount rate calculated by an independent firm of professional valuer. The calculation covered a period estimated by the Group to be indefinite as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on a detailed five-year budget plan approved by the management. The key assumptions were determined by the management based on its expectations for the business development. The estimated cash flows include budget revenue based on the estimation of market development and future performance of the Asset Management CGU made by the management of the Group. The discount rate used is pre-tax and reflect specific risks relating to the industry in relation to the Asset Management CGU.

The key assumptions used for value-in-use calculations are as follows:

	2021 **HK$'000**	2020 HK$'000
Terminal growth rate	**–**	–
Discount rate	**13%**	13.7%

The key assumptions were determined by the management based on its expectations for the business development.

17. OTHER INTANGIBLE ASSETS

	Computerised operating and guarding system HK$'000
Cost	
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	6,717
Accumulated amortisation and impairment	
At 1 April 2019	5,783
Amortisation	578
At 31 March 2020 and 1 April 2020	6,361
Amortisation	356
At 31 March 2021	6,717
Net book value	
At 31 March 2021	–
At 31 March 2020	356

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

In March 2021, the Group has completed the disposal of Golden Cross Trading Limited with the interests in associates and joint venture. The details of the disposal have been set out in note 33 to the consolidated financial statements. There are no interests in associate and joint venture as at 31 March 2021.

The balances recognised in the consolidated statement of financial position as at 31 March 2020 are as follows:

	Notes	2020 HK$'000
Associates	a	–
Joint venture	b	–
As at 31 March		–

The amounts recognised in the profit or loss for the year ended 31 March 2020 are as follows:

	Notes	2020 HK$'000
Associates	a	–
Joint venture	b	–
For the year ended 31 March		–

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – Continued

(a) Interests in associates

	2020 HK$'000
Share of net assets	–
Goodwill	18,150
	18,150
Impairment loss	(18,150)
Carrying amount as at 31 March	–

Particulars of associates as at 31 March 2020 are as follows:

Name of Companies	Place of incorporation/ operations	Percentage of interest held Directly	Percentage of interest held Indirectly	Principal activities
Magn Investment Limited ("Magn Investment")	Hong Kong	25%	20%	Investment holding
Magn Media (China) Holdings Limited# ("Magn Media (China)")	PRC	–	45%	Investment holding
Shenzhen Timing Advertisement Co., Limited# ("Timing Advertisement")	PRC	–	45%	Investment holding
Shenzhen Magn Classic Technology Co., Limited# ("Magn Classic Technology")	PRC	–	45%	Investment holding
Shenzhen Magn Cultural Media Co., Limited# ("Magn Cultural Media")	PRC	–	45%	Game publishing business
Shenzhen Magn Interactive Entertainment Cultural Media Co., Limited#	PRC	–	45%	Dormant
Shenzhen Magn Firms Co., Limited#	PRC	–	45%	Dormant
Shenzhen Weiyouhui Information Technology Co., Limited#	PRC	–	45%	Investment holding

English name for identification purpose only

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – Continued

(a) Interests in associates – Continued

Summarised financial information for associates

Set out below is the summarised consolidated financial information for Magn Investment which is accounted for using the equity method.

	2020 HK$'000
As at 31 March	
Non-current assets	11
Current assets	28,565
Current liabilities	(47,516)
Non-current liabilities	(9,418)
Net liabilities	(28,358)
Proportion of the Group's ownership	45.0%
Group's share of net assets of associates	–
Year ended 31 March	
Revenue	–
Loss for the year	(149)
Other comprehensive income for the year	1,911
Total comprehensive income for the year	1,762
Aggregate amount of the Group's share of associates	
Profit or loss	–
Other comprehensive income	–
Total comprehensive income	–

The amount of unrecognised share of losses of the associates for the year and accumulated unrecognised share of losses of the associates as at 31 March 2020 were amounted to HK$67,000 and HK$13,617,000 respectively.

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – Continued

(b) Investment in a joint venture

The primary business of this joint venture is research and development of security system software for intelligence building automatic system. This joint venture is of small scale and, accordingly, the directors considered it is immaterial to the Group.

The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with Shenzhen Guanhui Xindong Technology Development Co., Limited. Under HKFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Joint venture is accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the joint venture's net assets except that losses in excess of the Group's interest in the joint venture is not recognised unless there is an obligation to make good those losses.

For the year ended 31 March 2020, the unrecognised share of losses and accumulated unrecognised share of losses of a joint venture was amounted to nil and HK$1,000 respectively.

Particulars of a joint venture as at 31 March 2020 are as follows:

Name of Company	Place of incorporation/ operation	Percentage of interest held	Principal activities
Shenzhen Guanhui Xindong Technology Development Co., Limited#	PRC	50%	Research and development of security system software for intelligence building automatic system

English name for identification purpose only

Commitment in respect of joint venture

	2020 RMB'000
Commitment to provide funding	5,000

19. BALANCES WITH RELATED PARTIES

(a) Amount due from a non-controlling equity holder of a subsidiary

As at 31 March 2021, the carrying amount of amount due from a non-controlling equity holder of a subsidiary is approximately HK$228,000 (2020: HK$210,000), which is unsecured, interest-free and expected to realise the amount due beyond twelve months after the reporting date and therefore classified as non-current assets. The effective interest rate of the amount due from the non-controlling equity holder of a subsidiary is 4.9% per annum.

The carrying amount of amount due from the non-controlling equity holder of a subsidiary was approximately HK$228,000 at 31 March 2021 (2020: HK$210,000) (the unpaid capital of Zhongshan Bei Dou Education Technology Limited ("Bei Dou Zhongshan"), an indirect subsidiary of the Company, amounted to RMB4,200,000, shall be paid by the non-controlling equity holder, Lin Keliang ("Mr. Lin")), which was unsecured, interest-free and to be paid on or before 30 May 2035.

For the year ended 31 March 2021 and 2020, the Group has assessed the ECL for the amount due from the non-controlling equity holder of a subsidiary, and considered there is no significant change in the ECL during the year.

(b) Loans from/amounts due from/(to) related parties

	Notes	**2021 HK$'000**	2020 HK$'000
Amount due from a related party			
– ultimate holding company	(v)	**345**	–
Loans from related parties:			
– immediate holding company	(i)	**(68,500)**	–
– ultimate holding company	(ii)	**(2,227)**	–
– an intermediate holding company	(iii)	**–**	(5,474)
– a fellow subsidiary	(iv)	**–**	(1,502)
		(70,727)	(6,976)
Amounts due to related parties:			
– ultimate holding company	(v)	**–**	(273)
– fellow subsidiaries	(v)	**(758)**	(1,606)
		(758)	(1,879)

i. *Loan from immediate holding company*
During the year ended 31 March 2021, the Group has entered into loan agreements with Greatwalle Holding Limited, the immediate holding company. Pursuant to the agreements, Greatwalle Holding Limited has agreed to grant loan facilities to the Group with total principal amounts of HK$68,500,000. The loans are unsecured, interest-free and repayable on demand.

ii. *Loan from ultimate holding company*
During the year ended 31 March 2021, the Group has entered into loan agreements with Shenzhen Great Walle, the ultimate holding company. Pursuant to the agreements, Shenzhen Great Walle has agreed to grant loan facilities to the Group with principal amounts of RMB1,877,000. The loans are unsecured, bearing interest 1% per annum and repayable within one year.

19. BALANCES WITH RELATED PARTIES – Continued

(b) Loans from/amounts due from/(to) related parties – Continued

iii. *Loan from an intermediate holding company*

In March 2020, the Group has entered into a loan agreement with Huiming, an intermediate holding company of the Company. Pursuant to the loan agreement, Huiming has agreed to grant a loan facility to the Group with a principal amount of RMB5,000,000. The loan was unsecured, bearing interest 1% per annum and repayable within one year. As at 31 March 2020, the aggregate carrying amount of outstanding loan principal and the accrued interests was amounted to HK$5,474,000. During the year ended 31 March 2021, the aforesaid loan had been fully repaid.

iv. *Loan from a fellow subsidiary*

In November 2019, December 2019, February 2020 and March 2020, the Company, has entered into loan agreements with Bohou Investment Limited (a subsidiary of Shenzhen Great Walle, ultimate holding company of the Company). Pursuant to the agreements, Bohou Investment Limited has agreed to grant loan facilities to the Group with principal amounts of HK$79,800, HK$500,000, HK$420,000 and HK$500,000 respectively. The loans are unsecured, bearing interest at 1%, 3%, 3% and 3% per annum respectively and repayable within one year. As at 31 March 2020, the aggregate carrying amount of outstanding loan principal and the accrued interests was amounted to HK$1,502,000. During the year ended 31 March 2021, the loan had been fully repaid.

v. *Amounts due from/(to) related parties*

These amounts due from/(to) related parties are unsecured, interest-free and repayable on demand.

(c) Amount due to an associate

As at 31 March 2020, the amount due to an associate is unsecured, interest-free and repayable on demand. During the year ended 31 March 2021, the amount had been fully repaid.

20. DEFERRED TAX ASSETS AND LIABILITIES

Details of deferred tax (assets)/liabilities recognised and the movements during the current and prior years are as follows:

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2019	372	(372)	–
Charged to profit or loss *(note 11)*	(170)	170	–
At 31 March 2020 and 1 April 2020	202	(202)	–
Charged to profit or loss *(note 11)*	(101)	101	–
At 31 March 2021	101	(101)	–

At 31 March 2021, in view of unpredictability of future profit streams, the Group did not recognise deferred tax assets in respect of estimated unused tax losses of HK$46,982,000 (2020: HK$40,644,000) that can be carried forward against future taxable income, of which, tax losses of HK$33,500,000 (2020: HK$27,972,000) can be carried forward indefinitely. The remaining balances of tax losses will expire on various date within five years.

21. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 **HK$'000**	2020 HK$'000
Trade receivables	**12,093**	23,166
Prepayments	**463**	703
Deposits	**1,514**	837
Other receivables	**1,246**	1,839
	3,223	3,379

Trade receivables generally have credit terms of 7 to 30 days (2020: 7 to 30 days).

The ageing analysis of trade receivables (net of impairment loss) based on invoice dates, as of the end of the reporting period is as follows:

	2021 **HK$'000**	2020 HK$'000
Not more than 30 days	**8,674**	11,911
30-90 days	**2,033**	10,069
Over 90 days	**1,386**	1,186
	12,093	23,166

For the year ended 31 March 2021, the Group reviewed receivables for evidence of impairment on collective basis.

Movements in loss allowance accounts for trade receivables, deposits and other receivable during the year were as follows:

	Trade receivables HK$'000	**Deposits and other receivables HK$'000**	**Total HK$'000**
Balance at 1 April 2019	–	123	123
Impairment losses recognised	422	–	422
Exchange realignment	(9)	–	(9)
Balance at 31 March 2020	413	123	536
Impairment losses recognised	3,610	–	3,610
Exchange realignment	(29)	–	(29)
Balance at 31 March 2021	3,994	123	4,117

During the year ended 31 March 2020, the Group had written off trade receivables of approximately HK$27,000 directly to the profit or loss due to in default (note 10). No such written off has been made for the year ended 31 March 2021.

Further details on the Group's credit policy, ECL model and matrix used are set out in notes 4.9(ii) and 39.

22. TRADE PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables	**5,114**	14,828
Accrued expenses and other payables*	**15,712**	15,234

* The balances mainly represented the accrued expense for salaries, legal and professional fees and other payables.

The ageing analysis of the Group's trade payables, based on invoice dates, is as follows:

	2021 HK$'000	2020 HK$'000
Not more than 30 days	**4,339**	5,811
30-90 days	**82**	8,295
Over 90 days	**693**	722
	5,114	14,828

23. LEASES

Right-of-use assets

The details of right-of-use assets refer to note 15.

Lease liabilities

The movement of the Group's lease liabilities during the year ended 31 March 2021 and 2020 is as follows:

	Land and buildings HK$'000
At 1 April 2019	1,408
Interest expense	33
Lease payments	(1,020)
As at 31 March 2020 and 1 April 2020	421
Additions	1,639
Interest expense	35
Lease payments	(969)
As at 31 March 2021	1,126

23. LEASES – Continued

Lease liabilities – Continued

Future lease payments are due as follows:

	Minimum lease payments 31 March 2021 HK$'000	Interest 31 March 2021 HK$'000	Present value 31 March 2021 HK$'000
Not later than one year	**816**	**(27)**	**789**
Later than one year and not later than two years	**340**	**(3)**	**337**
	1,156	**(30)**	**1,126**

	Minimum lease payments 31 March 2020 HK$'000	Interest 31 March 2020 HK$'000	Present value 31 March 2020 HK$'000
Not later than one year	425	(4)	421

The present value of future lease payments are analysed as:

	2021 HK$'000	2020 HK$'000
Current liabilities	**789**	421
Non-current liabilities	**337**	–

Others

	2021 HK$'000	2020 HK$'000
Short-term leases expenses	**1,121**	5,944
Low-value assets leases expenses	**12**	73
Aggregate undiscounted commitments for short term leases	**–**	267

24. PROMISSORY NOTE PAYABLE

On 6 May 2016, the Company issued a promissory note to a former director of the Company, Mr. Fu Yik Lung ("Mr. Fu") to raise funding for the Group's working capital on the daily operation and the development of its existing businesses and any other future development opportunities.

The principal sum of HK$19,500,000 together with its interest accrued are to be repaid on the date falling two years from 6 May 2016. The promissory note was unsecured and interest-bearing at 5% per annum during that period.

24. PROMISSORY NOTE PAYABLE – Continued

On 10 May 2018, the Group had entered into an extension agreement with Mr. Fu (the noteholder of the promissory note) pursuant to which the maturity date of the promissory note was extended to 4 August 2019, and the principal amount of the promissory note was amended to HK$19,950,000. The extended promissory note shall bear fixed interest in the amount of HK$200,000 per month.

On 4 April 2019, the Group had entered into a second extension agreement with Mr. Fu pursuant to which the maturity date of the promissory note was further extended to 5 October, 2020, and the principal amount was HK$19,950,000. The extended promissory note would bear fixed interest in the amount of HK$200,000 per month.

On 31 July 2020, the Group had entered into an agreement with Mr. Fu pursuant to which certain liabilities for the interest payable was discharged by Mr. Fu. It hereby resulted in substantial modification of the terms of the promissory note. The gain on modification with amount of HK$2,400,000 was recognised during the year.

As at 31 March 2021, promissory note payable has been overdue. Subsequent to the end of the reporting period, the Company has entered into a third extension agreement with Mr. Fu pursuant to which the maturity date of the promissory note was further extended to 30 April 2022.

25. BORROWINGS

The balance represented the unsecured debenture. As at 31 March 2021, the Company has issued debentures with aggregate principal of approximately USD800,000 (equivalent to approximately HK$6,202,000) to an independent third party. The debentures are unsecured, bearing interest rate at 8.5% per annum, and repayable in July 2021.

26. CONTINGENT CONSIDERATION PAYABLE

The contingent consideration payable is a financial liability at fair value through profit or loss, which was arising from the acquisition of 51% equity interest of Shandong Zhong Jun Wei Shi Security Group Co., Limited ("Zhong Jun Wei Shi", formerly known as Shandong Seven Commandos Security Escort Co., Limited) (see note 32(a)) during the year ended 31 March 2020.

The consideration to be paid for the abovementioned acquisition included a revenue-based contingent consideration adjustment, which is principally based on the guaranteed revenue in a three-year period from 1 October 2019 to 31 March 2020 and two financial years ending 31 March 2021 and 2022 (collectively the "Guarantee Period"). The potential undiscounted amount of the contingent consideration adjustment that the Group could be required to make under this arrangement is either nil or RMB3,600,000. At the acquisition date, the fair value of the contingent consideration payable was HK$2,251,000. The weighted probability of the present value of the consideration payable under three different estimated revenue scenarios of Zhong Jun Wei Shi for the three-year period. As of 31 March 2021, the fair value of the contingent consideration payable is zero (As at 31 March 2020: Fair value of HK$2,033,000) as the estimated total revenue of Zhong Jun Wei Shi for the Guarantee Period was decreased. The fair value of the contingent consideration payable at the acquisition date, at 31 March 2020 and at 31 March 2021 were estimated by the management with reference to valuations performed by independent firm of professional valuers.

The fair value gain during the year was amounted to HK$2,250,000 (2020: HK$166,000), which has been recognised in the consolidated statement of profit or loss and other comprehensive income as "Other income and losses, net" for the year ended 31 March 2021.

Details of the fair value measurement of the contingent consideration payable has been set out in note 40.

27. SHARE CAPITAL

	Number of ordinary shares of HK$0.01 HK$'000	Amount HK$'000
Authorised:		
At 1 April 2019, 31 March 2020, 1 April 2020	2,000,000,000	20,000
Increase in authorised share capital *(note (ii))*	2,000,000,000	20,000
At 31 March 2021	4,000,000,000	40,000
Issued:		
At 1 April 2019	1,243,662,655	12,437
Share of options exercised *(note (i))*	2,654,868	26
At 31 March 2020 and 1 April 2020	1,246,317,523	12,463
Issue of shares under Rights Issue *(note (iii))*	415,439,174	4,155
At 31 March 2021	1,661,756,697	16,618

Notes:

(i) During the year ended 31 March 2020, the subscription rights attaching to 2,654,868 share options issued pursuant to the share option scheme of the Company (note 29) were exercised at the subscription price of HK$0.0904 per share respectively, resulting in the issue of aggregate of 2,654,868 shares of HK$0.01 each respectively for a total cash consideration of approximately HK$239,000. The premium received was credited to the share premium account.

(ii) With effect from 15 July 2020, the authorised share capital of the Company from HK$20,000,000.00 divided into 2,000,000,000 Shares was increased to HK$40,000,000.00 divided into 4,000,000,000 Shares by the creation of additional 2,000,000,000 Shares of par value of HK$0.01 each. The new Shares shall rank pari passu with each other and with the existing Shares in all respects upon issue and being fully-paid.

(iii) On 19 August 2020, the Company conducted the rights issue (the "Rights Issue") to raise approximately HK$20.8 million before expenses by issuing up to 415,439,174 rights shares at the subscription price of HK$0.05 per rights share on the basis of one (1) rights share for every three (3) shares held by the qualifying shareholders. The Rights Issue was fully subscribed and completed on 9 September 2020 and approximately HK$19,835,000 of net proceeds was received by the Company.

28. RESERVES

Details of the movements on the Group's reserves are as set out in the consolidated statement of changes in equity of the financial statements. The natures and purposes of reserves within equity are as follows:

Share premium

The share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.

Merger reserve

It represents the difference between the nominal value of the share capital of the subsidiary held by the Group and the nominal value of the share capital of the Company issued pursuant to the group reorganisation prior to the listing of the Company's shares.

Share options reserve

The share options reserve represents the cumulative expenses recognised on the granting of share options to the employees and directors over the vesting period.

29. SHARE OPTION SCHEME

A share option scheme (the "Scheme") adopted by the Company was approved by the shareholders on 31 July 2014.

A summary of the Scheme is set out below:

The Scheme became effective for a period of 10 years commencing on 31 July 2014. Under the Scheme, the directors shall, in its absolute discretion select, make an offer to any eligible participants to subscribe for shares of the Company at a subscription price being not less than the highest of (i) the closing price of shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of the grant of the option, which must be a business day; or (ii) the average closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the share on the date. The offer of a grant of options may be accepted within seven days inclusive of the day on which such offer was made.

The options granted shall be exercisable in whole or in part in the effective option period. The exercise period of the options granted is determined and notified by the directors to the grantee thereof at the time of making an offer provided that such period shall not exceed the period of 10 years from the date of the grant of the option is made, subject to the provisions for early termination thereof.

The maximum number of shares to be issued upon the exercise of all outstanding options granted at any time under the Scheme together with options which may be granted under any other share option schemes for the time being of the Company must not in aggregate exceed 10% of all the shares of the Company in issue as at the date of the annual general meeting held on 6 August 2020 being 124,631,752 shares.

29. SHARE OPTION SCHEME – Continued

For the year ended 31 March 2021

	Number of options					
	At 1 April 2020	Adjustment arising from Rights Issue	At 31 March 2021	Date of grant	Exercise period	Exercise price
Directors/Ex-directors						
Hon Hoi Chuen	9,156,186	172,758	9,328,944	14 December 2018	Period 1	0.234
Lin Shuxian	9,156,186	172,758	9,328,944	14 December 2018	Period 1	0.234
Li Mingming	9,156,186	172,758	9,328,944	14 December 2018	Period 1	0.234
Guan Yan	915,618	17,276	932,894	14 December 2018	Period 1	0.234
Zhao Jinsong	915,618	17,276	932,894	14 December 2018	Period 1	0.234
Li Zhongfei	915,618	17,276	932,894	14 December 2018	Period 1	0.234
Pang Xiaoli *(note iii)*	2,015,242	38,023	2,053,265	18 April 2019	Period 2	0.089
Hon Hoi Chuen	3,280,440	61,895	3,342,335	18 April 2019	Period 2	0.089
Lin Shuxian	3,280,440	61,895	3,342,335	18 April 2019	Period 2	0.089
Guan Yan	84,382	1,592	85,974	18 April 2019	Period 2	0.089
Zhao Jinsong	84,382	1,592	85,974	18 April 2019	Period 2	0.089
Li Zhongfei	84,382	1,592	85,974	18 April 2019	Period 2	0.089
	39,044,680	736,691	39,781,371			
Employees in aggregate	9,156,186	172,758	9,328,944	14 December 2018	Period 1	0.234
Employees in aggregate	13,869,027	261,681	14,130,708	18 April 2019	Period 2	0.089
Employees in aggregate	73,588,691	1,388,465	74,977,156	5 September 2019	Period 3	0.144
Total	135,658,584	2,559,595	138,218,179			

29. SHARE OPTION SCHEME – Continued

For the year ended 31 March 2020

	Number of options							
	At 1 April 2019	Granted during of the year	Exercised during the year	Lapsed during the year	At 31 March 2020	Date of grant	Exercise period	Exercise price
Directors/ Ex-directors								
Hon Hoi Chuen	9,156,186	-	-	-	9,156,186	14 December 2018	Period 1	0.238
Lin Shuxian	9,156,186	–	–	–	9,156,186	14 December 2018	Period 1	0.238
Li Mingming *(note ii)*	9,156,186	–	–	–	9,156,186	14 December 2018	Period 1	0.238
Guan Yan	915,618	–	–	–	915,618	14 December 2018	Period 1	0.238
Zhao Jinsong	915,618	–	–	–	915,618	14 December 2018	Period 1	0.238
Li Zhongfei	915,618	–	–	–	915,618	14 December 2018	Period 1	0.238
Pang Xiaoli	–	4,227,632	(2,212,390)	–	2,015,242	18 April 2019	Period 2	0.0904
Hon Hoi Chuen	-	3,280,440	-	-	3,280,440	18 April 2019	Period 2	0.0904
Lin Shuxian	–	3,280,440	–	–	3,280,440	18 April 2019	Period 2	0.0904
Guan Yan	–	84,382	–	–	84,382	18 April 2019	Period 2	0.0904
Zhao Jinsong	–	84,382	–	–	84,382	18 April 2019	Period 2	0.0904
Li Zhongfei	–	84,382	–	–	84,382	18 April 2019	Period 2	0.0904
	30,215,412	11,041,658	(2,212,390)	–	39,044,680			
Employees in aggregate	18,312,372	–	–	(9,156,186)	9,156,186	14 December 2018	Period 1	0.238
Employees in aggregate	–	14,311,505	(442,478)	–	13,869,027	18 April 2019	Period 2	0.0904
Employees in aggregate	–	73,588,691	–	–	73,588,691	5 September 2019	Period 3	0.147
Total	48,527,784	98,941,854	(2,654,868)	(9,156,186)	135,658,584			

Notes:

(i) Period 1: 14 December 2018 to 13 December 2028, the exercise price of share options as at 31 March 2021 has been adjusted with effects of Rights Issue on 9 September 2020. Further details are set out in note 27(iii) to the consolidated financial statements.

Period 2: 18 April 2019 to 17 April 2029, the exercise price of share options as at 31 March 2021 has been adjusted with effects of Rights Issue on 9 September 2020. Further details are set out in note 27(iii) to the consolidated financial statements.

Period 3: 5 September 2019 to 4 September 2021, the exercise price of share options as at 31 March 2021 has been adjusted with effects of Rights Issue on 9 September 2020. Further details are set out in note 27(iii) to the consolidated financial statements.

(ii) Retired as an executive director of the Company on 6 August 2019.

(iii) Resigned as an executive director of the Company on 25 August 2020.

29. SHARE OPTION SCHEME – Continued

The vesting date of the share options is the date of grant.

During the year, no share options (2020: 9,156,186 share options) have been lapsed as a result of resignation of the employee.

No equity-settled share options expenses (2020: HK$4,445,000) has been included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2021. It gave rise to a share options reserve. No liabilities were recognised due to equity-settled share-based payment transactions.

The fair values of the share options granted on 5 September 2019, 18 April 2019 and 14 December 2018 respectively under the Scheme were determined using the binomial option pricing model. Significant inputs into the model and assumptions were as follows:

Parameter	**5 September 2019**	**18 April 2019**	**14 December 2018**
Share price on date of grant	HK$0.147	HK$0.0900	HK$0.260*
Exercise price	HK$0.147	HK$0.0904	HK$0.265*
Risk-free rate	1.52%	1.71%	2.27%
Expected option life	2 years	10 years	10 years
Expected volatility	97%	106%	104%
Early exercise behavior (of the exercise price)	N/A	N/A	N/A

* Before adjustment of Rights Issue.

The expected volatility represents the historical volatility of the share price of the ordinary shares of the Company.

29. SHARE OPTION SCHEME – Continued

The share options and weighted average share price are summarised as follows for the reporting periods presented:

	Number of share options HK$'000	Weighted average exercise price HK$'000
Outstanding at 1 April 2019	48,527,784	0.238
Lapsed during the year	(9,156,186)	0.238
Granted during the year	98,941,854	0.132
Exercised during the year	(2,654,868)	0.0904
Outstanding at 31 March 2020 and 1 April 2020	135,658,584	0.164
Adjustment arising from Rights Issue	2,559,595	–
Outstanding and exercisable at 31 March 2021	138,218,179	0.161

The share options outstanding at 31 March 2021, which are all exercisable, had exercise price of HK$0.161 (2020: HK$0.164) and a weighted average remaining contractual life of 3.82(2020: 5.20) years.

At the end of the reporting period, the Company had 138,218,179 (2020: 135,658,584) share options outstanding under the Scheme which representing approximately 8.32% (2020: 10.9%) of the Company's shares in issue as at 31 March 2021. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 138,218,179 (2020: 135,658,584) additional ordinary shares of the Company and additional share capital of HK$1,382,182 (2020: HK$1,356,586) and share premium of HK$20,841,511(2020: HK$20,867,026) (before issue expenses).

Subsequent to the end of the reporting period, no share options was exercised.

At the date of approval of these financial statements, the Company has 135,218,179 share options outstanding under the Scheme, which represented approximately 8.32% of the Company's share in issue as at that date.

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	2021 HK$'000	2020 HK$'000
ASSETS AND LIABILITIES			
Non-current asset			
Investments in subsidiaries		**4,128**	2,920
Current assets			
Prepayments		**322**	335
Loan to a subsidiary		**–**	3,000
Amounts due from subsidiaries		**95,298**	19,247
Cash at banks		**352**	339
		95,972	22,921
Current liabilities			
Accrued expenses		**2,850**	3,057
Loans from related parties		**68,500**	1,502
Amounts due to subsidiaries		**6,891**	5,933
Amount due to a related party		**505**	100
Promissory note payable		**20,150**	22,550
Borrowings		**6,313**	–
		105,209	33,142
Net current liabilities		**(9,237)**	(10,221)
Net liabilities		**(5,109)**	(7,301)
EQUITY			
Share capital	27	**16,618**	12,463
Reserves	30(b)	**(21,727)**	(19,764)
Capital deficiencies		**(5,109)**	(7,301)

Statement of financial position of the Company was approved and authorised for issue by the board of directors on 23 June 2021 and are signed on its behalf by:

Song Xiaoming	**Song Shiqing**
Director	*Director*

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – Continued

(b) Reserves of the Company

	Share premium HK$'000	Contributed surplus HK$'000 (note)	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2019	153,487	7,996	4,828	(158,282)	8,029
Equity-settled share options expenses *(note 29)*	–	–	4,445	–	4,445
Share options exercised *(note 29)*	318	–	(105)	–	213
Lapse of share options	–	–	(829)	829	–
Loss for the year	–	–	–	(32,451)	(32,451)
At 31 March 2020 and 1 April 2020	153,805	7,996	8,339	(189,904)	(19,764)
Issue of shares *(note 27)*	16,617	–	–	–	16,617
Transaction cost for rights issue *(note 27)*	(937)	–	–	–	(937)
Loss for the year	–	–	–	(17,643)	(17,643)
At 31 March 2021	169,485	7,996	8,339	(207,547)	(21,727)

Note:

The contributed surplus of the Company represented the difference between the net asset value of the subsidiary acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the group reorganisation prior to the listing of the Company's shares.

31. SUBSIDIARIES

(a) General information of subsidiaries as at 31 March 2021

Particulars of the Company's principal subsidiaries are as follow:

Name of subsidiaries	Place of incorporation/ operations	Issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
			Directly	Indirectly	
King Force Security Limited	Hong Kong	HK$10,000	–	100%	Provision of security guarding services
Loyal Salute Limited	BVI/ Hong Kong	1 share of US$1 each	100%	–	Investment holding
China Bei Dou Communications Technology Group Limited	Hong Kong	HK$24,117,049	–	100%	Investment holding
Bei Dou Internet Education Technology (Shen Zhen) Limited#	PRC	RMB30,000,000	–	70%	Investment holding
Zhongshan Bei Dou Education Limited# ("Bei Dou Zhongshan")	PRC	RMB30,000,000	–	59.5%	Inactive
Shenzhen Guanhui Jiye Property Management Limited#	PRC	RMB1,000,000	–	100%	Provision of security guarding and property management services
Jingwudun Security Management Group Co., Limited (Formerly known as Shandong Zhong Jun Wei Shi Security Group Co., Limited)*#	PRC	RMB10,000,000	–	51%	Provision of security guarding services
Shenzhen Jiuli Investment Advisory Co., Ltd.#	PRC	RMB24,734,390	–	100%	Provision of business advisory and asset management services

31. SUBSIDIARIES – Continued

(a) General information of subsidiaries as at 31 March 2021 – Continued

Name of subsidiaries	Place of incorporation/ operations	Issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Company Directly	Indirectly	Principal activities
Huaqing Huili Commercial Consultation (Shanghai) Company Limited#	PRC	RMB752,000	–	100%	Provision of asset management services
Huili Asset Management (Zhuhai) Co., Limited#	PRC	RMB11,250,000	–	100%	Provision of asset management services
Guangzhou Huiyu Commercial Co. Limited#	PRC	RMB1,000,000	–	100%	Investment holding
Shenzhen Zeli Investment Limited#	PRC	RMB1,000,000	–	100%	Investment holding
Shenzhen Huili Investment Limited#	PRC	RMB20,000,000	–	100%	Provision of asset management services
Beijing Huili Commercial Management Co., Limited*#	PRC	RMB1,000,000	–	100%	Provision of asset management services

* These subsidiaries were incorporated during the year.

The English names are translated for identification purpose only.

None of the subsidiaries had issued any debt securities at the end of the reporting period.

31. SUBSIDIARIES – Continued

(b) Material non-controlling interests

Zhong Jun Wei Shi, a 51% owned subsidiary of the Company, has material non-controlling interests ("NCI"). The NCI of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial.

Summarised financial information in relation to the NCI of Zhong Jun Wei Shi, before intra-group eliminations, is presented below:

	2021 **HK$'000**	2020 HK$'000
NCI percentage	**49**	49
As at 31 March		
Non-current assets	**5,951**	6,012
Current assets	**2,483**	6,209
Current liabilities	**(6,458)**	(6,661)
Net assets	**1,976**	5,560
Equity attributable to		
Owners of the Company	**1,008**	2,836
NCI	**968**	2,724
	1,976	5,560
Carrying amount of NCI	**968**	2,724
For the year/period ended 31 March		
Revenue	**9,128**	5,851
Loss for the period	**(4,137)**	(109)
Other comprehensive income	**85**	(144)
Total comprehensive income	**(4,052)**	(253)
Loss allocated to NCI	**(2,027)**	(53)
Dividends paid to NCI	**–**	–
For the year/period ended 31 March		
Cash flows from operating activities	**(385)**	(26)
Cash flows from investing activities	**–**	–
Cash flows from financing activities	**–**	–
Net cash outflows	**(385)**	(26)

32. BUSINESS COMBINATION

The Group has not entered into any business combinations during the year ended 31 March 2021. Details of the business combinations for the year ended 31 March 2020 are as follows:

(a) Acquisition of Zhong Jun Wei Shi

In September 2019, the Group entered into a sale and purchase agreement with an independent third party (the "Vendor"), pursuant to which the Group acquired 51% equity interest in Zhong Jun Wei Shi at a consideration of RMB5,100,000, which comprises (i) a cash consideration of RMB1,500,000 and (ii) a contingent consideration payable of RMB3,600,000. The contingent consideration is payable to the Vendor following three year from the date of completion of the acquisition, and is subject to a revenue requirement that the aggregate total revenue of Zhong Jun Wei Shi for the period from 1 October 2019 to 31 March 2020 and two financial years ending 31 March 2021 and 2022 shall not be less RMB60 million (the "Guaranteed Revenue"). If the Guaranteed Revenue is not achieved, the Group shall be exempted from the obligation to pay the any part of the contingent consideration to the Vendor.

In October 2019, the registration on transfer of the 51% equity interest of Zhong Jun Wei Shi has been completed. After the completion of acquisition, the Group owns 51% equity interest in Zhong Jun Wei Shi and become a subsidiary of the Group thereafter. Zhong Jun Wei Shi is principally engaged in provision of security guarding services in PRC. Details of the acquisition of Zhong Jun Wei Shi have been set out in the Company's announcements dated 26 September 2019 and 21 October 2019.

The fair value of identifiable assets acquired and liabilities assumed of Zhong Jun Wei Shi at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	6,433
Trade and other receivables, deposits and prepayments	2,315
Cash and cash equivalents	989
Trade and other payables and accruals	(3,925)
Provision of taxation	(1)
Less: non-controlling interests	(2,848)
	2,963
The fair value of consideration transfer:	
Cash consideration paid	1,684
Fair value of contingent consideration payable	2,251
Total fair value of the purchase consideration	3,935
Goodwill arising from the acquisition of Zhong Jun Wei Shi *(note 16)*	972
Net cash inflow arising from the acquisition:	
Cash and bank balances acquired	989
Cash consideration paid	(1,684)
Net cash outflow from the acquisition of Zhong Jun Wei Shi for the period	(695)

32. BUSINESS COMBINATION – Continued

(a) Acquisition of Zhong Jun Wei Shi – Continued

The goodwill of HK$972,000, which is not deductible for tax purposes, comprises the acquired reputation and the expected future profitability benefits from synergy created on revenue stream of the Group.

Since the acquisition, Zhong Jun Wei Shi contributed HK$5,851,000 to the Group's revenue and a loss of HK$109,000 to the Group's loss for the year ended 31 March 2020.

Had the acquisition been taken place at the beginning of the year (i.e. 1 April 2020) the Group's revenue for the year would be increased by HK$5,038,000 and the Group's loss for the year be increased by HK$1,601,000. The aforesaid pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the group that actually would have been achieved had the acquisition been completed on the beginning of the year, nor is it intended to be a projection of future performance.

(b) Acquisition of Huiyu

In September 2019, the Group entered into a share transfer agreement with Guangzhou Huaqing Great Walle Commercial Consultation Company Limited ("Guangzhou Huaqing"), a related company, in which Mr. Song, an executive director and controlling shareholder of the Company, has controlling power, pursuant to which the Group acquired 99% equity interest of Guangzhou Huiyu Commercial Company Limited ("Huiyu") at a cash consideration of RMB990,000. On 4 September 2019, the Group has paid to satisfy the cash consideration. The acquisition was completed on 4 September 2019. Accordingly, the Group owns 99% equity interest of Huiyu and which has become a subsidiary of the Group thereafter. Huiyu is principally engaged in investment holding and its major subsidiary, Shenzhen Huili Investment Limited ("Shenzhen Huili"), 100% interest indirectly held by Huiyu, is principally engaged in provision of asset management services for private fund and has registered as the fund manager of private securities investment fund from the Asset Management Association of China since 9 July 2015.

32. BUSINESS COMBINATION – Continued

(b) Acquisition of Huiyu – Continued

The fair value of identifiable assets acquired and liabilities assumed of Huiyu at the date of acquisition are as follows:

	HK$'000
Deposits and other receivables	9
Amount due from a related party	1,415
Cash and cash equivalents	10
Amounts due to related parties	(537)
Less: non-controlling interests	(9)
	888
The fair value of consideration transfer:	
Cash consideration paid	1,112
Goodwill arising from on the acquisition of Huiyu *(note 16)*	224
Net cash inflow arising from the acquisition:	
Cash and bank balances acquired	10
Cash consideration paid	(1,112)
Net cash outflow from the acquisition of Huiyu for the period	(1,102)

The goodwill of HK$224,000, which is not deductible for tax purposes, comprises the acquired reputation and the expected future profitability and the benefits from diversifying the revenue stream of the Group.

The Group has elected to measure the non-controlling interests in Huiyu at the non-controlling interests' proportionate share of identifiable net assets. The amount of the non-controlling interests at the acquisition date amounted to HK$9,000.

The deferred tax liabilities arising on the acquisition is minimal.

Since the acquisition, Huiyu contributed HK$643,000 to the Group's revenue and a profit of HK$15,000 to the Group's loss for the year ended 31 March 2020.

Had the acquisition been taken place at the beginning of the year (i.e. 1 April 2020), the Group's revenue for the year would be increased by nil and the Group's loss for the year would be increased by HK$75,000. The aforesaid pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the group that actually would have been achieved had the acquisition been completed on the beginning of the year, nor is it intended to be a projection of future performance.

33. DISPOSAL OF A SUBSIDIARY

On 30 March 2021, the Group entered into an agreement with an independent third party to dispose of the entire equity interest of Golden Cross at a consideration of nil. Gain on disposal amounted to HK$44,000 was analysed as follows:

	HK$'000
Net assets disposed of:	
Accruals and other payables	(40)
Amounts due to associate	(4)
	(44)
Less: Proceeds from disposal	–
Gain on disposal	44

34. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Directors' emoluments

For the year ended 31 March 2021

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Equity-settled share options expenses HK$'000	Total HK$'000
Executive directors					
Song Xiaoming	50	258	25	–	333
Pang Xiaoli *(note i)*	20	252	9	–	281
Hon Hoichuen	50	281	20	–	351
Lin Shuxian	50	150	20	–	220
Song Shiqing *(note ii)*	30	169	18	–	217
Non-executive director					
Chung Man Lai	50	–	–	–	50
Independent non-executive directors					
Guan Yan	180	–	–	–	180
Zhao Jinsong	180	–	–	–	180
Li Zhongfei	180	–	–	–	180
Total	790	1,110	92	–	1,992

34. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS – Continued

Directors' emoluments – Continued

For the year ended 31 March 2020

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Equity-settled share options expenses HK$'000	Total HK$'000
Executive directors					
Song Xiaoming *(note iii)*	370	–	–	–	370
Pang Xiaoli	453	–	–	169	622
Li Mingming *(note iv)*	84	–	–	–	84
Hon Hoichuen	232	–	–	132	364
Lin Shuxian	232	–	–	132	364
Non-executive director					
Chung Man Lai *(note v)*	2	–	–	–	2
Independent non-executive directors					
Guan Yan	180	–	–	3	183
Zhao Jinsong	180	–	–	3	183
Li Zhongfei	180	–	–	3	183
Total	1,913	–	–	442	2,355

No directors waived any emoluments in the year ended 31 March 2021 (2020: nil).

Notes:

(i) Resigned as an executive director on 25 August 2020

(ii) Appointed as an executive director on 25 August 2020.

(iii) Appointed as an executive director on 6 August 2019.

(iv) Retired as an executive director on 6 August 2019.

(v) Appointed as a non-executive director on 17 March 2020.

34. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS – Continued

Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, nil (2020: one) is director of the Company whose emoluments are included in the disclosure of directors' emoluments above. The emoluments of the remaining five individuals (2020: four individuals) were as follows:

	2021 HK$'000	2020 HK$'000
Salaries and other emoluments	**6,372**	5,459
Retirement scheme contributions	**97**	72
Equity-settled share options expenses	**–**	31
	6,469	5,562

Their emoluments were within the following bands:

	2021 Number of Individuals	2020 Number of Individuals
HK$2,000,001 to HK$3,000,000	**1**	1
HK$1,000,001 to HK$2,000,000	**1**	1
Nil to HK$1,000,000	**3**	2
	5	4

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

35. CAPITAL COMMITMENTS

As at 31 March 2021, the Group had no capital commitments (2020: nil).

36. CONTINGENCIES AND OTHERS

Amount due from the non-controlling equity holder of a subsidiary

The management considers the inflow of economic benefits from the amount due from the non-controlling equity holder of Bei Dou Zhongshan is virtually certain as (i) there is contractual right by Bei Dou Zhongshan to request for payment of the unpaid capital from the non-controlling equity holder and (ii) there is seize of the share of estates under name of the non-controlling equity holder of Bei Dou Zhongshan granted by the Zhongshan First People's Court. Therefore, the management considered the recoverable amount of the amount due from non-controlling equity holder is HK$228,000 (2020: HK$210,000) as at 31 March 2021 as disclosed in note 19(a).

37. RELATED PARTY TRANSACTIONS

(i) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following transactions carried out with related parties during the year:

	Notes	**2021 HK$'000**	2020 HK$'000
Business advisory and asset management services income received from a related company	(a & b)	**1,751**	1,658
Consideration paid on acquisition of subsidiaries to a related company *(note 32 (b))*	(a)	**–**	1,112
Short-term leases expenses paid to the spouse of a director of a subsidiary, Ms. Liu Lai Ying		**–**	165
Short-term leases expenses paid to a related company	(b)	**750**	3,218
Interest paid to a director of a subsidiary, Mr. Fu Yik Lung	(a)	**1,800**	2,400
Interest paid to related parties	(a & c)	**46**	12

Notes:

(a) The transactions above were carried out on the terms agreed between the relevant parties.

(b) Transaction with Shenzhen Great Walle Capital Management Co., Ltd., a company controlled by the common shareholder.

(c) Transaction with Bohou Investment Limited, a company controlled by the common shareholder.

(ii) Compensation of key management personnel

	2021 HK$'000	2020 HK$'000
Short-term employee benefits	**6,450**	6,896
Post-employment benefits	**128**	54
Equity-settled share options expenses	**–**	442
	6,578	7,392

37. RELATED PARTY TRANSACTIONS – Continued

(iii) Balances with related parties

	Notes	**2021 HK$'000**	2020 HK$'000
Receivable from/(payable to)			
Shenzhen Great Walle, ultimate holding company	(a)	**(2,227)**	(273)
Shenzhen Great Walle, ultimate holding company	(a)	**345**	–
Guangzhou Nansha Huiming Investment Business Company Limited, an intermediate holding company	(b)	**–**	(5,474)
Greatwalle Holding Limited, immediate holding company	(c)	**(68,500)**	–
Bohou Investment Limited, a fellow subsidiary	(d)	**–**	(1,502)
Shenzhen Great Walle Capital Management Co., Ltd., a fellow subsidiary	(e)	**(758)**	(851)
Guangzhou Huaqing Business Advisory Co., Ltd.., a fellow subsidiary	(f)	**–**	(755)
Mr. Fu Yik Lung, a director of a subsidiary	(g)	**(20,150)**	(22,550)
Magn Investment, an associate	(h)	**–**	(349)

(a) Balance with Shenzhen Great Walle, ultimate holding company, represented the loan from ultimate holding company of HK$2,227,000 (2020: nil) (note 19(b)(ii) and amount due from ultimate holding company of HK$345,000 (2020: Amount due to ultimate holding company HK$273,000) (note 19(b)(v)).

(b) Balance with Guangzhou Nansha Huiming Investment Business Company Limited, an intermediate holding company, represented the loan from an intermediate holding company (note 19(b)(iii)).

(c) Balance with Greatwalle Holding Limited, immediate holding company, represented the loan from immediate holding company of HK$68,500,000 (2020: nil) (note 19(b)(i)).

(d) Balance with Bohou Investment Limited, a company controlled by the common shareholder, represented the loan from a fellow subsidiary and its accrued interests of nil (2020: HK$1,502,000) (note 19(b)(iv)).

(e) Balance with Shenzhen Great Walle Capital Management Co., Ltd., a company controlled by the common shareholder, represented the amount due to a fellow subsidiary (note 19(b)(v)).

(f) Balance with Guangzhou Huaqing Business Advisory Co., Ltd, a company controlled by the common shareholder, represented the amount due to a fellow subsidiary (note 19(b)(v)).

(g) Balance with Mr. Fu Yik Lung, a director of a subsidiary, represented promissory note payable and its accrued interests of HK$20,150,000 (2020: HK$22,550,000) (note 24) in total.

(h) Balance with Magn Investment, an associate of the Group, represented the loan to an associate and amount due to an associate.

38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount and fair value of financial assets and liabilities:

	2021 HK$'000	2020 HK$'000
Financial assets		
Non-current		
Financial assets measured at amortised cost		
– Amount due from the non-controlling equity holder of a subsidiary	**228**	210
Current		
Financial assets measured at amortised cost:		
– Trade receivables	**12,093**	23,166
– Deposits and other receivables	**2,760**	2,676
– Amount due from a related party	**345**	–
– Cash at banks and in hand	**85,010**	16,420
	100,208	42,262
	100,436	42,472
Financial liabilities		
Current		
Financial liabilities measured at amortised cost:		
– Trade payables	**5,114**	14,828
– Accrued expenses and other payables	**15,712**	15,234
– Loans from related parties	**70,727**	6,976
– Amounts due to related parties	**758**	1,879
– Amount due to an associate	**–**	349
– Promissory note payable	**20,150**	22,550
– Borrowings	**6,313**	–
– Lease liabilities	**1,126**	421
	119,900	62,237
Non-current		
Financial liabilities at fair value through profit or loss:		
– Contingent consideration payable	**–**	2,033
	119,900	64,270

39. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks which result from the use of financial instruments in its ordinary course of operations. The financial risks include market risks (mainly foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The directors meet regularly to identify and evaluates risks and formulates strategies to manage financial risks on timely and effective manner. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below.

Foreign currency risk

The Group has transactional and translational currency exposures. These exposures arise from expenses incurred by operating units in currencies other than the units' functional currencies. The Group's monetary assets, monetary liabilities, financing and transactions are principally denominated in RMB and HK$. The Group is exposed to the foreign exchange risk arising from changes in the exchange rate of HK$ against RMB. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in future as may be necessary.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (Decrease) in RMB rate%	(Decrease)/ Increase in loss before tax HK$'000	Increase/ (Decrease) in equity HK$'000
2021			
If Hong Kong dollar weakens against RMB	**5**	**(441)**	**3,810**
If Hong Kong dollar strengthens against RMB	**(5)**	**441**	**(3,810)**
2020			
If Hong Kong dollar weakens against RMB	5	(1,215)	30
If Hong Kong dollar strengthens against RMB	(5)	1,215	(30)

Interest rate risk

Loans from related parties, promissory loan note and borrowings were issued at fixed rates which expose the Group to fair value interest-rate risk. The Group has no interest-rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

39. FINANCIAL RISK MANAGEMENT – Continued

Credit risk

The Group's exposure to credit risk related to the financial assets summarised in the note 38. Details of the Group's exposures to credit risk on trade and other receivables and amount due from related parties are disclosed in notes 21 and 19.

The Group's bank balances are all deposited with licensed banks in Hong Kong and the PRC.

The Group's trade receivables are actively monitored to avoid concentration of credit risk with exposure spread over a number of customers.

The Group continuously evaluates the credit risk of its customers to ensure appropriateness of the amount of credit granted. Credit terms are extended to certain customers based on the evaluation of individual customer's financial conditions. In addition, the Group reviews the recoverable amount of each individual trade debt at that reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit policies have been followed by the Group during the year and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables:

31 March 2021	**Expected loss rates %**	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current (not past due)	**0.11**	**9,057**	**10**
1-30 days past due	**0.55**	**716**	**4**
31-90 days past due	**1.1**	**958**	**10**
91-180 days past due	**11.0**	**743**	**82**
181-365 days past due	**55.0**	**1,610**	**885**
More than 365 days past due	**100.0**	**3,003**	**3,003**
		16,087	**3,994**

31 March 2020	Expected loss rates %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	0.11	17,347	19
1-30 days past due	0.55	1,700	9
31-90 days past due	1.1	3,833	42
91-180 days past due	11.0	306	34
181-365 days past due	55.0	187	103
More than 365 days past due	100.0	206	206
		23,579	413

39. FINANCIAL RISK MANAGEMENT - Continued

Credit risk - Continued

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the group's view of economic conditions over the expected lives of the receivables.

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

The Group has adopted general approach to measure ECLs on financial assets including deposits and other receivables and other financial assets at amortised costs. Under the general approach, the Group applies the "3-stage" impairment model for ECLs measurement based on change in credit risk since initial recognition as follows:

– Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.

– Stage 2: If the credit risk of the financial instrument has increased significantly since its initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.

– Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

The ECLs for financial instruments in Stage 1 are measured at an amount equivalent to 12-month ECLs whereas the ECLs for financial instruments in Stage 2 or Stage 3 are measured at an amount equivalent to lifetime ECLs.

When determining whether the risk of default has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit risk assessment and including forward-looking information.

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is considered as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the debtor;

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

(c) granting a concession to the debtors that the lender would not otherwise consider for economic or contractual reasons relating to the debtor's financial difficulty; or

(d) it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

39. FINANCIAL RISK MANAGEMENT - Continued

Credit risk - Continued

The measurement of ECLs 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 of default. The assessment of the probability of default and loss given default is based on historical data and adjusted for forward-looking information through the use of industry trend and experienced credit judgment to reflect the qualitative factors, and through the use of multiple probability-weighted scenarios.

The following table provides information about the Group's exposure to credit risk and ECLs for loan and other receivables as at 31 March 2021 and 2020:

	Expected loss rate (%)	**Stage 1 HK$'000**	**Stage 2 HK$'000**	**Stage 3 HK$'000**	**Gross carrying amount HK$'000**	**Loss allowances HK$'000**
As at 31 March 2021						
Amount due from the non-controlling equity holder of a subsidiary	**90%**	**–**	**2,260**	**–**	**2,260**	**2,032**
Deposits and other receivable	**1%-100%**	**2,760**	**–**	**123**	**2,883**	**123**
Amount due from a related party	**0%**	**345**	**–**	**–**	**345**	**–**
		3,105	**2,260**	**123**	**5,488**	**2,155**

	Expected loss rate (%)	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Gross carrying amount HK$'000	Loss allowances HK$'000
As at 31 March 2020						
Amount due from the non-controlling equity holder of a subsidiary	90%	–	2,085	–	2,085	1,875
Deposits and other receivables	1%-100%	2,676	–	123	2,799	123
		2,676	2,085	123	4,884	1,998

39. FINANCIAL RISK MANAGEMENT – Continued

Credit risk – Continued

Movement in the loss allowance accounts in respect of trade receivables, amount due from the non-controlling equity holder of a subsidiary, deposits and other receivables, loan to an associate and amount due from an associate during the year is as follows:

	Trade receivables HK$'000	Amount due from the non-controlling equity holder of a subsidiary HK$'000	Deposits and other receivable HK$'000	Loan to an associate HK$'000	Amount due from an associate HK$'000	Total HK$'000
Balance at 1 April 2019	–	2,004	123	4,555	150	6,832
Impairment losses recognised during the year (ECL – matrix)	422	–	–	–	–	422
Written off against loss allowances	–	–	–	(4,555)	(150)	(4,705)
Exchange realignment	(9)	(129)	–	–	–	(138)
Balance at 31 March 2020	413	1,875	123	–	–	2,411
Impairment losses recognised during the year (ECL - matrix)	3,610	–	–	–	–	3,610
Exchange realignment	(29)	157	–	–	–	128
Balance at 31 March 2021	3,994	2,032	123	–	–	6,149

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables, accrued liabilities, other payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

As at 31 March 2021, the Group had net current liabilities of HK$18,892,000 and capital deficiencies of HK$4,221,000. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations and from the measures as adopted by the directors of the Company as detailed in note 3 to meet its debt obligations.

The liquidity policies have been followed by the Group during the year and are considered by the directors to have been effective in managing liquidity risk.

39. FINANCIAL RISK MANAGEMENT – Continued

Liquidity risk – Continued

Analysed below is the Group's remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group are required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group are committed to pay.

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 31 March 2021				
Non-derivatives:				
Trade payables	**5,114**	**–**	**5,114**	**5,114**
Accrued expenses and other payables	**15,712**	**–**	**15,712**	**15,712**
Loans from related parties	**70,749**	**–**	**70,749**	**70,727**
Amounts due to related parties	**758**	**–**	**758**	**758**
Lease liabilities	**816**	**340**	**1,156**	**1,126**
Promissory note payable	**20,150**	**–**	**20,150**	**20,150**
Borrowings	**6,467**	**–**	**6,467**	**6,313**
	119,766	**340**	**120,106**	**119,900**
As at 31 March 2020				
Non-derivatives:				
Trade payables	14,828	–	14,828	14,828
Accrued expenses and other payables	15,234	–	15,234	15,234
Loans from related parties	7,070	–	7,070	6,976
Amounts due to related parties	1,879	–	1,879	1,879
Amount due to an associate	349	–	349	349
Lease liabilities	425	–	425	421
Promissory note payable	23,750	–	23,750	22,550
	63,535	–	63,535	62,237

40. FAIR VALUE MEASUREMENTS

Fair values of the Group's financial assets and liabilities measured at amortised cost are not materially different from their carrying amounts because of the immediate or short-term maturity of these financial instruments.

The following table provides an analysis of financial instruments carried at fair value by level of the Fair Value Hierarchy:

Level 1: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2: Fair value measured based on valuation techniques using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs.

Level 3: Fair value measured based on valuation techniques using significant unobservable inputs (i.e. not derived from market data).

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
At 31 March 2021				
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
– Contingent consideration payable *(note 26)*	**–**	**–**	**–**	**–**

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2020				
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
– Contingent consideration payable *(note 26)*	–	–	2,033	2,033

Information about level 3 for fair value measurements

Contingent consideration payable

As mentioned in note 32(a), on 26 September 2019, the Group entered into a sale and purchase agreement with the Vendor for the acquisition of 51% equity interest in Zhong Jun Wei Shi. As set out in the agreement, the maximum amount of the contingent considerable payable to the Vendor is RMB3,600,000. The contingent consideration is payable to the Vendor following three year from the date of completion of the acquisition, and is subject to a revenue requirement that the aggregate total revenue of Zhong Jun Wei Shi for the period from 1 October 2019 to 31 March 2020 and two financial years ending 31 March 2021 and 2022 shall not be less RMB60 million (the "Guaranteed Revenue"). If the Guaranteed Revenue is not achieved, the Group shall be exempted from the obligation to pay the any part of the contingent consideration to the Vendor.

The fair value of the contingent consideration payable was estimated by management of the Group with reference to valuation performed by independent firm of professional valuers based on the estimated probability that Zhong Jun Wei Shi could meet the Guaranteed Revenue and the discount rate used in calculating in the present value of the contingent consideration payable.

40. FAIR VALUE MEASUREMENTS – Continued

Information about level 3 for fair value measurements – Continued

Contingent consideration payable – Continued

The key unobservable inputs in calculating the fair value of the contingent consideration payable were the revenue forecast of Zhong Jun Wei Shi for the two years ending 31 March 2021 and 2020 and the discount rate.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2021 **HK$'000**	2020 HK$'000
Contingent consideration payable		
At 1 April	**2,033**	–
Arising from acquisition of subsidiaries *(note 32(a))*	**–**	2,251
Fair value change on contingent consideration payable recognised in profit or loss during the year	**(2,250)**	(166)
Exchange realignment	**217**	(52)
At 31 March	**–**	2,033

There were no transfers between levels during the year.

41. 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 shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, issue new shares, or sell assets to reduce debts.

The amount of capital deficiency as at 31 March 2021 and 2020 amounted to HK$4,221,000 and HK$6,268,000 respectively.

The Group monitors capital using a gearing ratio, which is net debt divided by capital deficiency attributable to owners of the Company. Net debt includes promissory note payable, loans from and amounts due to related parties, borrowings and lease liabilities less cash and cash equivalents. The Group's policy is to maintain a gearing ratio at a reasonable level.

41. CAPITAL MANAGEMENT – Continued

The gearing ratios as at the end of the reporting periods were as follows:

	2021 **HK$'000**	2020 HK$'000
Promissory note payable	**20,150**	22,550
Loans from related parties	**70,727**	6,976
Amounts due to related parties	**758**	1,879
Borrowings	**6,313**	–
Lease liabilities	**1,126**	421
Total debt	**99,074**	31,826
Less: Cash and cash equivalents	**(85,010)**	(16,420)
Net debt	**14,064**	15,406
Capital deficiency attributable to owners of the Company	**(3,338)**	(7,203)
Gearing ratio	**N/A**	N/A

42. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

In additional to those disclosed elsewhere in the financial statements, the Group had the following major non-cash transactions:

During the year, no equity-settled share option expenses (2020: HK$4,445,000) were charged to profit or loss (note 29).

42. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS – Continued

(b) Reconciliation of liabilities arising from financing activities

	Loans from related parties (note 19(b)) HK$'000	Amounts due to related parties (note 19(b)) HK$'000	Promissory note payable (note 24) HK$'000	Lease liabilities (note 23) HK$'000	Borrowings (note 25) HK$'000	Total HK$'000
At 1 April 2019	2,733	1,200	20,150	1,408	–	25,491
Changes from financing cash flows:						
Proceeds from loans from related parties	8,615	–	–	–	–	8,615
Proceed from amount due to related parties	–	1,355	–	–	–	1,355
Repayments of loans from related parties	(2,733)	–	–	–	–	(2,733)
Repayments of amounts due to related parties	–	(1,204)	–	–	–	(1,204)
Lease payments	–	–	–	(1,020)	–	(1,020)
Total changes from financing cash flows	5,882	151	–	(1,020)	–	5,013
Acquisition of subsidiaries *(note 32 (b))*	–	537	–	–	–	537
Other changes:						
Interest expenses *(note 9)*	12	–	2,400	33	–	2,445
Debt assignment	(1,651)	(9)	–	–		(1,660)
	(1,639)	(9)	2,400	33	–	785
At 31 March 2020 and 1 April 2020	**6,976**	**1,879**	**22,550**	**421**	**–**	**31,826**
Changes from financing cash flows:						
Proceeds from loans from related parties	70,681	–	–	–	–	70,681
Proceeds from borrowings	–	–	–	–	6,202	6,202
Repayments of loans from related parties	(6,976)	–	–	–	–	(6,976)
Repayments of amounts due to related parties	–	(1,121)	–	–	–	(1,121)
Lease payments	–	–	–	(969)	–	(969)
Interest paid	–	–	(1,800)	–	(265)	(2,065)
Total changes from financing cash flows	63,705	(1,121)	(1,800)	(969)	5,937	65,752
Other changes:						
Additions	–	–	–	1,639	–	1,639
Interest expenses *(note 9)*	46	–	1,800	35	376	2,257
Gain on modification of terms of promissory note	–	–	(2,400)	–	–	(2,400)
Total other changes	46	–	(600)	1,674	376	1,496
At 31 March 2021	**70,727**	**758**	**20,150**	**1,126**	**6,313**	**99,074**

43. EVENTS AFTER THE REPORTING DATE

The Board proposed that every five existing ordinary shares in the share capital of the Company be consolidated into one share and change of board lot size (the "Consolidated Share" and the "Proposed Share Consolidation"). The Proposed Share Consolidation is subject to the approval from the Stock Exchange and the consent from shareholders of the Company by passing of resolution at the extraordinary general meeting of the Company.

On 18 March 2021, the Company entered into the subscription agreement with the subscriber, an associate of Mr. Song Xiaoming, pursuant to which the Company has conditionally agreed to allot and issue, and the subscriber has conditionally agreed to subscribe for the shares at subscription price of HK$0.275 per share (the "Subscription").

The gross proceeds and net proceeds (after deducting professional fees and other related expenses) from the subscription shall be approximately HK$68.5 million and HK$67.5 million, respectively. The total amount payable by the subscriber to the Company will be satisfied by the capitalisation and full settlement of the shareholder loan (i.e. Loan from related parties) in the sum of HK$68.5 million.

Details of the Proposed Share Consolidation and the Subscription are set out in the Company's announcement dated 10 March 2021, 13 April 2021, 27 April 2021, 17 May 2021, 31 May 2021 and 11 June 2021.

As at the date of this annual report, the Proposed Share Consolidation and the Subscription was still in the process.

FIVE YEARS' FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements of the Company, is set out below. This summary does not form part of the audited financial statements.

FINANCIAL RESULTS

	Year ended 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**62,035**	41,150	36,902	111,807	146,212
Gross profit/(loss)	**5,504**	9,099	(1,425)	14,452	30,866
(Loss)/profit before income tax	**(18,819)**	(38,884)	(88,430)	(82,339)	7,360
(Loss)/profit for the year	**(18,999)**	(38,899)	(88,473)	(81,551)	5,556
Attributable to:					
Owners of the Company	**(16,959)**	(38,806)	(85,171)	(74,705)	6,197
Non-controlling interests	**(2,040)**	(93)	(3,302)	(6,846)	(641)
	(18,999)	(38,899)	(88,473)	(81,551)	5,556

ASSETS AND LIABILITIES

	As at 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**15,008**	15,037	10,843	58,121	116,324
Current assets	**100,671**	42,965	50,664	37,245	56,812
Current liabilities	**119,563**	62,237	36,048	34,616	19,239
Non-current liabilities	**337**	2,033	–	–	20,909
Net (liabilities)/assets	**(4,221)**	(6,268)	25,459	60,750	132,988
(Capital deficiency)/Total equity attributable to:					
Owners of the Company	**(3,338)**	(7,203)	27,339	59,230	125,073
Non-controlling interests	**(883)**	935	(1,880)	1,520	7,915
	(4,221)	(6,268)	25,459	60,750	132,988