MADISON
GROUP

Madison Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8057

ANNUAL REPORT
2020/21

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This report, for which the directors (the "Director(s)") of Madison Holdings Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (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.

CONTENT

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Ying-chieh
(resigned as executive Director, chairman and chief executive officer of the Company with effect from 31 July 2020)
Mr. Hankoo Kim
(resigned as executive Director with effect from 31 July 2020)
Ms. Kuo Kwan
Mr. Zhang Li

Non-executive Directors

Mr. Ip Cho Yin, *J.P*
Mr. Ji Zuguang
(appointed as chairman of the Company with effect from 31 July 2020)

Independent Non-executive Directors

Ms. Fan Wei
Mr. Chu Kin Wang Peleus
Dr. Lau Reimer, Mary Jean

AUDIT COMMITTEE

Mr. Chu Kin Wang Peleus *(Chairman)*
Ms. Fan Wei
Mr. Ip Cho Yin, *J.P.*
Dr. Lau Reimer, Mary Jean

REMUNERATION COMMITTEE

Ms. Fan Wei *(Chairlady)*
Mr. Ji Zuguang
Mr. Chu Kin Wang Peleus
Dr. Lau Reimer, Mary Jean

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Ji Zuguang *(Chairman)*
Ms. Fan Wei
Mr. Chu Kin Wang Peleus
Mr. Ip Cho Yin, *J.P.*
Dr. Lau Reimer, Mary Jean

COMPANY SECRETARY

Mr. Young Ho Kee Bernard

COMPLIANCE OFFICER

Ms. Kuo Kwan

AUTHORISED REPRESENTATIVES

Ms. Kuo Kwan
Mr. Young Ho Kee Bernard

AUDITOR

SHINEWING (HK) CPA Limited
Certified Public Accountants

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 26-28, 8/F,
One Island South, 2 Heung Yip Road,
Wong Chuk Hang, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank (Asia) Corporation Limited

COMPANY'S WEBSITE

www.madison-group.com.hk

STOCK CODE

8057

CHAIRMAN'S STATEMENT

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

The outlook of wine industry remains highly uncertain due to continuous social incidents in Hong Kong since June 2019, competition in the industry as well as the novel coronavirus ("COVID-19") outbreak. The Board and all our staff will carry on with the spirit of dedication and diligence, to provide high-quality products and services, optimize business portfolio of the Group as well as to find new direction and potential business collaboration to reduce the impact as well as creating more value for shareholders.

The Group believes that it could bring in synergies which could enhance our current fundamental business as well as additional stream of income to the Group through business diversification and to reduce the impact of increasing cost structure under the competitive environment, which will deliver long term increase in shareholders' value.

Finally, I would like to express my greatest gratitude to the Board, management and staff for their strenuous contribution towards the Group. Furthermore, I would also like to thank you our executive Directors, Ms. Kuo Kwan and Mr. Zhang Li. I also extend my sincere thanks to our business partners and shareholders of the Company (the "Shareholders") for their continuous support and trust. I believe all members of the Group will dedicate their best efforts to drive business growth and to deliver enhanced returns to the Shareholders.

Ji Zuguang
Chairman and non-executive Director

Hong Kong, 22 June 2021

EXECUTIVE DIRECTORS

Ms. Kuo Kwan ("Ms. Kuo"), aged 51, was appointed as the executive Director on 25 September 2017 and the compliance officer of the Company on 19 November 2019. She has over 25 years' accounting and auditing experience and held senior management positions in various listed and private companies in Hong Kong. She was the chief financial officer from December 2010 to May 2016 and the company secretary from November 2011 to July 2014 of Credit China Holdings Limited (currently known as Chong Sing Holdings FinTech Group Limited), a company whose shares were listed on GEM and cancelled on 30 November 2020 (stock code prior to cancellation of listing 8207: HK). Ms. Kuo was an executive director of GreaterChina Technology Group Limited (currently known as Viva China Holdings Limited), a company whose shares are listed on GEM (stock code 8032: HK) from January 2005 to September 2008.

Ms. Kuo is a member of CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). She graduated from University of Melbourne in Australia with a bachelor's degree in commerce.

Mr. Zhang Li ("Mr. Zhang"), aged 48, was appointed as a non-executive Director on 3 October 2019 and re-designated as an executive Director on 22 November 2019. He is the non-executive director of Kelfred Holdings Limited (stock code: 1134:HK) since June 2021. He was the executive director and the co-chairman of the board of the directors of Up Energy Development Group Limited ("Up Energy"), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 307: HK) from June 2016 and August 2016, respectively, to May 2021. He was an executive director of China Billion Resources Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 274: HK) from April 2018 to September 2019. Mr. Zhang has extensive experience in financial and capital markets. He has been involved in investment and management activities of the financial markets for over 20 years, with a particular focus on securities investment and investment banking.

Mr. Zhang obtained a bachelor's degree in sales and marketing from the Northwest University of Politics and Law, China in 1998.

Pursuant to the disclosure requirement under Rule 17.50(2)(l) of the GEM Listing Rules, prior to Mr. Zhang's appointment with Up Energy on 24 June 2016, Up Energy was put into a winding up petition by a petitioner in the Court of First Instance of the High Court of Hong Kong on 29 March 2016 for the outstanding balance of principal, with interest accrued, of the matured convertible notes in the principal amount of HK$230,000,000, and on 18 May 2016 (Bermuda time), further winding up petition was filed by a petitioner in the Supreme Court of Bermuda for the outstanding balance of the matured convertible notes in the principal amount of HK$150,000,000. As at the date of this report, Up Energy has been placed into the third delisting stage by the Listing Department of the Stock Exchange. Having considered Mr. Zhang's appointment with Up Energy commenced after filing of the aforesaid winding up petitions, the Board believes Mr. Zhang is capable to be an executive Director.

NON-EXECUTIVE DIRECTORS (THE "NED")

Mr. Ip Cho Yin, *J.P.* ("Mr. Ip"), aged 70, was appointed as an independent non-executive Director (the "INED") and a member of each of the audit committee (the "Audit Committee"), the nomination and corporate governance committee (the "Nomination and Corporate Governance Committee") and the remuneration committee (the "Remuneration Committee") of the Company on 1 February 2017. He was subsequently re-designated as a non-executive Director and resigned as a member of the Remuneration Committee on 7 March 2019. Mr. Ip possesses extensive experience in education. He is a registered teacher, an educational consultant and a teacher development expert. He is also a guest speaker of universities and educational bodies in Hong Kong. Mr. Ip is the Guest Professor of Hong Kong Financial Services Institute from 2014 to 2020, the Project Coordinator of the Education Bureau of the Government of the Hong Kong Special Administrative Region (the "Education Bureau") from 2010 to September 2019. He was the Deputy Project Director of the Education Bureau from 2004 to 2010 and the Chief School Development Officer of the Education Bureau from 2002 to 2004. Mr. Ip was a teacher of Pui Kiu Middle School from 1973 to 1997 and became the principal from 1997 to 2002.

Mr. Ip was a member of Appeals Board (Education) from 2000 to 2001, a member of Board of Education from 1998 to 2002, an elected member of Council on Professional Conduct in Education from 1998 to 2002, a member of Quality Education Fund Steering Committee from 1997 to 2001, a Standing Committee member of the Hong Kong Federation of Education Workers from 1993 to 1999. Mr. Ip was an elected member of District Board (Islands) from 1994 to 1999.

Mr. Ip obtained his bachelor's degree in mathematics at University of Waterloo in Canada in 1972 and a diploma in education at the School of Education of The Chinese University of Hong Kong in 1982.

Mr. Ji Zuguang ("Mr. Ji"), aged 64, was appointed as a non-executive Director and chairman of the Company (the "Chairman") on 3 October 2019 and 31 July 2020, respectively. Mr. Ji is currently a director of Starlight Financial Holdings Limited ("Starlight") since August 2012, which is an indirect non wholly-owned subsidiary of the Company since August 2012.

From 1992 to 2000, he served as secretary and engineer of the Shanghai Postal, Telephone and Communication Bureau (上海市郵電管理局) respectively. Since 2000, Mr. Ji served as the Deputy General Manager of LT International Holdings Ltd. (峻岭國際集團有限公司) where he was mainly responsible for the overall operation of property development projects and well-experienced in the property development industry. In 2003, he participated in the establishment of Shanghai Yintong and has since gained around 9 years of experience in the secured financing industry.

Mr. Ji graduated from the Party School of the Central Committee of C.P.C (中共中央黨校) in 1992 majoring in Economic Management. In 2006, Mr. Ji received his Master's degree in Advanced Business Management from the Nanyang Technological University of Singapore.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Fan Wei ("Ms. Fan"), aged 65, was appointed as an INED on 21 September 2015 and is also the chairlady of the Remuneration Committee and a member of each of the Audit Committee and the Nomination and Corporate Governance Committee. Since September 2013, Ms. Fan has been the general secretary responsible for arranging charity activities of (WCS Culture Association Hong Kong), which is committed to improving quality of academic researches, popularising traditional Chinese culture, facilitating the cultural exchange with its foreign counterparts, and funding activities which promote traditional Chinese culture. She served as an executive vice president of Dong Yuan Hong Kong International Limited, which is principally engaged in strategic investments, consulting, financial services, logistics and trading business, responsible for its operation management from March 2011 to June 2012.

Ms. Fan graduated from Murdoch University in Australia with a master's degree in business administration in March 2001.

Mr. Chu Kin Wang Peleus ("Mr. Chu"), aged 56, was appointed as an INED on 21 September 2015 and is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination and Corporate Governance Committee. From December 2008 to October 2020, he was the executive director responsible for investor relationship, financial management and compliance matters of Chinese People Holdings Company Limited (stock code 0681:HK), which is a company principally engaged in the sales and distribution of natural gas and liquefied petroleum gas in China and whose shares are listed on the Stock Exchange. From August 2015 to February 2017, he was a non-executive Director of Perfect Group International Holdings Limited (stock code 3326:HK), whose shares are listed on the Stock Exchange. Mr. Chu has/had been an independent non-executive director of the following companies, whose shares are listed on the Main Board of the Stock Exchange or GEM:

China Huishan Dairy Holdings Company Limited (stock code prior to cancellation of listing on 23 December 2019 6863:HK) from June 2017 to December 2017

PT International Development Corporation Limited (stock code 372:HK) from March 2017 to September 2017

Mingfa Group (International) Company Limited (stock code 846:HK) since November 2016

Telecom Service One Holdings Limited (stock code 3997:HK) from May 2013 to December 2017

SuperRobotics Limited (stock code 8176:HK) since March 2012

China First Capital Group Limited (stock code 1269:HK) since October 2011

Flyke International Holdings Ltd. (stock code prior to cancellation of listing on 29 January 2021 1998:HK) from February 2010 to December 2020

Huayu Expressway Group Limited (stock code 1823:HK) since May 2009

Tianli Holdings Group Limited (stock code 117:HK) since April 2007

Xinming China Holdings Limited (stock code: 2699:HK) since April 2021

Mr. Chu graduated from the University of Hong Kong with a master's degree in business administration in December 1998. Mr. Chu is a fellow practicing member of HKICPA, an associate member of the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(continued)*

Dr. Lau Reimer, Mary Jean ("Dr. Lau"), aged 57, was appointed as an INED on 4 June 2019 and is also a member of each of the the Audit Committee, Remuneration Committee and the Nomination and Corporate Governance Committee. Dr. Lau has been a solicitor of Cheung & CO., Solicitors since July 2017. She was a partner of Reimer & Partners from May 2004 to June 2014. Dr. Lau is admitted as solicitor in Hong Kong and England and Wales and has over 18 years of post-qualification legal experience.

Dr. Lau obtained her master of laws from the University of Hong Kong in 2001 and her doctorate degree in civil and commercial law from the China University of Political Science and Law in 2006. Dr. Lau is a committee member of Youth Criminal Study Trust and a legal adviser of a number of organisations and associations.

SENIOR MANAGEMENT

Ms. Cheng Suk Kuen ("Ms. Cheng") joined as financial controller of a subsidiary of the Group, Madison (China) Limited on 21 May 2020. She is principally responsible for financial and accounting matters of the Group.

Ms. Cheng is a member of the Hong Kong Institute of Certified Public Accountants and the CPA Australia. She holds a Master degree in Corporate Finance and a Bachelor's degree of commerce. Ms. Cheng has extensive experience in finance, accounting and corporate secretarial functions.

COMPANY SECRETARY

Mr. Young Ho Kee Bernard ("Mr. Young") was appointed as the company secretary of the Company on 11 November 2019. He is responsible for handling the company secretarial matters of the Group.

Mr. Young is a member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. He has extensive experience in company secretarial matters.

BUSINESS REVIEW

For the year ended 31 March 2021 (the "Year"), the Company and its subsidiaries (collectively, the "Group") were principally engaged in (i) the retail sales and wholesales of a wide spectrum of wine products and other alcoholic beverages in Hong Kong with a focus on red wine (the "Wine Business"); (ii) the provision of financial services (the "Financial Services Business"); (iii) the provision of loan financing and consultancy services (the "Loan Financing Business"); and (iv) the provision of cryptocurrency exchange business in Japan (the "Blockchain Services Business"). As disclosed in the announcement of the Company dated 17 June 2021, upon completion of the disposal of Madison Lab Limited and its subsidiary, the Group has ceased its operation in the Blockchain Services Business.

During the Year, the Group's revenue from continuing operations decreased by approximately 45.6% to approximately HK$106.9 million (2020: approximately HK$196.5 million). Such decrease was mainly due to (i) negative impact of coronavirus pandemic ("COVID-19") on the global economy; (ii) the on-going China-US trade frictions; (iii) economic slowdown in Hong Kong and China; (iv) disposal of 49% equity interest in Bartha International Limited with its subsidiaries on 17 January 2020 which were principally engaged in the provision of financial services; and disposal of the entire share capital of Madison Future Games Limited with its subsidiaries on 22 January 2020 which were principally engaged in the provision of cryptocurrency mining business (the "Disposal of Subsidiaries").

The Group's loss from continuing operations was approximately HK$51.7 million (2020: approximately HK$312.5 million), representing a decrease of approximately 83.5% as compared with last year. The decrease in the loss was mainly attributable to (i) no impairment loss was recognised on goodwill and plant and equipment (2020: approximately HK$257.4 million and HK$21.8 million arising from the Disposal of Subsidiaries respectively); (ii) the decrease in depreciation of approximately HK$18.4 million following the Disposal of Subsidiaries; (iii) the drop in staff cost and administrative and other operating expenses of approximately HK$37.2 million and HK$30.6 million respectively due to streamlining of the Group and organisational structure; but (iv) partially offset by the impairment of intangible asset of approximately HK$28.7 million arising from Blockchain Services Business.

During the Year, the business and operation environments of the Group remained challenging due to the global outbreak of COVID-19 with global recession. Hong Kong and China's economy was seriously hit by the COVID-19, with on-going anti-pandemic restrictions and policies, leading in sluggish nature of recovery. The business performance of the Group was significant dropped during the Year. The Group's customers were also affected by the COVID-19. The rise in bad debt during times of financial distress of customers were problematic, but predictable. As such, the Group recognized net impairment losses under expected credit loss valuation on loan and interest receivables of approximately HK$20.1 million (2020: approximately HK$65.2 million) which included written off loan and interest receivables of approximately HK$43.9 million (2020: approximately HK$14.1 million) and reversal of impairment loss of approximately HK$23.8 million (2020: provision of approximately HK$51.1 million). For details of the loan and interest receivables, please refer to Note 24 to the consolidated financial statements of the Group.

At the end of the reporting period, intangible asset of Blockchain Services Business with indefinite useful life was tested for impairment at least annually. The Group reviewed the carrying amount of its intangible asset with indefinite useful life to determine whether there is any indication that its intangible asset has suffered an impairment loss. The management of the Company considered recent reports in relation to US Treasury's plan to tackle financial institutions for money laundering carried out through digital assets, which have been adversely affected the public confidence and price volatility of the Bitcoin. An impairment loss of intangible asset was made due to (i) increasing regulatory requirement in cryptocurrency market; (ii) price volatility of the Bitcoin; and (iii) adverse effect from criticisms of Bitcoin. As at 31 March 2021, the carrying amount of intangible asset of Blockchain Services Business was approximately HK$145.6 million (2020: approximately HK$179.1 million). The impairment loss of intangible asset of approximately HK$28.7 million was recognised as at 31 March 2021 (2020: Nil). For details of the value-in-use calculations leading to the impairment loss, please refer to Note 19 to the consolidated financial statements of the Group.

FINANCIAL REVIEW

During the Year, the Group's revenue from continuing operations amounted to approximately HK$106.9 million (2020: approximately HK$196.5 million), representing a decrease of approximately HK$89.6 million or 45.6% as compared with last year. The revenue included (i) approximately HK$51.2 million (2020: approximately HK$69.4 million) from the Wine Business; and (ii) approximately HK$55.7 million (2020: approximately HK$86.5 million) from the Loan Financing Business. No revenue was generated from both the Financial Services Business (2020: approximately HK$10.5 million) and the Blockchain Services Business (2020: approximately HK$30.1 million).

Gross profit margin from the Wine Business in continuing operations was increased to approximately 16.8% (2020: approximately 14.4%). Such increase was mainly driven by streamlining wine business operations and reducing operation expenses. Total gross profit margin from continuing operations was also increased to approximately 60.1% as compared with that of approximately 50.5% for the last year following the Disposal of Subsidiaries of which the cryptocurrency mining business suffered gross loss last year. Despite the total gross profit margin from continuing operations was improved, gross profit has dropped due to the decrease in revenue in both the Wine Business and the Loan Financing Business and no revenue was generated from the Financial Services Business and Blockchain Services Business.

Gross profit from continuing operations was approximately HK$64.3 million (2020: approximately HK$99.2 million), representing a decrease of approximately 35.2% as compared with last year. Details of the reasons of the decrease in revenue and gross profit were disclosed in the sub-section headed "Business Review" above. In response to the decrease in revenue, the Group took efforts in controlling the cost of operations and administrative and other operating expenses. Staff cost and administrative and other operating expenses from continuing operations were approximately HK$32.7 million and HK$16.6 million respectively (2020: approximately HK$69.9 million and HK$47.2 million respectively), representing a decrease of approximately 53.2% and 64.8% respectively as compared with last year. Depreciation from continuing operations was approximately HK$11.8 million, which was decreased by approximately 60.9% when compared to approximately HK$30.2 million for the year ended 31 March 2020.

Other income from continuing operations mainly included the consignment income and government grant for the year ended 31 March 2021 of approximately HK$2.0 million and HK$2.4 million respectively (2020: approximately HK$0.3 million and HK$1.7 million respectively).

The finance costs amounted to approximately HK$51.5 million (2020: approximately HK$55.5 million) which were mainly incurred on convertible bonds, promissory note, other borrowings and loans.

Loss from continuing operations was approximately HK$51.7 million (2020: approximately HK$312.5 million), representing a decrease by approximately 83.5% as compared with last year. The decrease in the loss was mainly attributable to (i) no impairment loss recognised on goodwill and plant and equipment (2020: approximately HK$ 257.4 million and HK$ 21.8 million arising from the Disposal of Subsidiaries respectively); (ii) the decrease in depreciation expense of approximately HK$18.4 million arising from the Disposal of Subsidiaries, offset by the increase in impairment of intangible asset of approximately HK$28.7 million arising from the Blockchain Services Business.

The loss included net impairment loss recognised on (i) loan and interest receivables arising from Loan Financing Business and (ii) intangible asset arising from Blockchain Services Business of approximately HK$20.1 million and HK$28.7 million respectively (2020: approximately HK$65.2 million and HK$ nil respectively). Details were disclosed in the sub-section headed "Business Review" above. Meanwhile, no loss included from change in fair value of exchangeable bonds (2020: approximately HK$11.5 million). The Group recorded net gain of change in fair value of derivative financial instruments and financial assets at fair value through profit or loss of approximately HK$42.5 million (2020: net loss of approximately HK$5.6 million) and HK$1.8 million respectively (2020: HK$1.4 million). A gain of approximately HK$0.7 million from discontinued operation was recorded for the year ended 31 March 2021 (2020: loss of approximately HK$5.7 million).

FINANCIAL REVIEW *(continued)*

Liquidity and Financial Resources

As at 31 March 2021, the Group's net current assets were approximately HK$182.6 million (2020: approximately HK$84.8 million), including cash and cash equivalents of approximately HK$19.7 million (2020: approximately HK$42.0 million). The Group had both interest-bearing and non-interest bearing borrowings, which mainly comprised borrowings, convertible bonds, promissory notes payables and loan from a subsidiary of non-controlling shareholder amounted to approximately HK$348.1 million (2020: approximately HK$538.8 million). The Group's financial resources were funded mainly by loans and its shareholders' funds.

As at 31 March 2021, the Group's current ratio, as calculated by dividing current assets by current liabilities, was approximately 1.7 times (2020: approximately 1.2 times) and the gearing ratio, as measured by the debts of non-trade nature divided by total equity, was approximately 145.6%* (2020: approximately 272.2%*). The decrease of the gearing ratio was because of the repayment of debts of the Group and placing of the Company's shares.

Foreign Currency Exposure

As at 31 March 2021, the Group had certain bank balances and payables denominated in foreign currencies, mainly Renminbi ("RMB"), Japanese Yen ("JPY"), Euro ("EUR") and Pound sterling ("GBP"), which exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Treasury Policy

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Capital Structure

As at 31 March 2021, the total number of issued Shares was 6,231,272,277 Shares.

On 4 December 2020, the Company entered into a placing agreement with CVP Securities Limited, as the placing agent ("Placing Agent"), pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 1,038,545,379 new shares ("Placing Share(s)") of the Company to not less than six placees at the placing price of HK$0.055 per Placing Share under the then general mandate granted to the Directors (the "Placing"). The placing price of HK$0.055 per Placing Share represented a discount of approximately 9.84% to the closing price of HK$0.061 per share of the Company as quoted on the Stock Exchange on 4 December 2020, being the date of the placing agreement. The Directors consider that the Placing represented an opportunity to strengthen the Group's financial position and raise additional funding for the business operations of the Group without any interest burden, within a relatively shorter time frame and at lower costs when compared with other means of fundraising, as well as to enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares. On the basis that the net proceeds were approximately HK$55,963,000 (after deduction of commission and other expenses of the Placing), the net issue price was approximately HK$0.054 per Placing Share. The Placing was completed on 22 December 2020 and the Company issued 1,038,545,379 Placing Shares to not less than six placees. For further details, please refer to the announcements of the Company dated 4 December 2020 and 22 December 2020. Details of movements in the Company's share capital are set out in note 35 to the consolidated financial statements.

On 23 February 2021, ordinary resolutions had been passed by the independent Shareholders to refresh the general mandate approved at the annual general meeting of the Company held on 31 July 2020, which had been fully utilised by way of the placing completed on 22 December 2020. The refreshed general mandate was granted to the Directors to allot, issue and deal with new Shares not exceeding 1,246,254,455 Shares, being 20% of the aggregate number of the issued Shares as at the date of the extraordinary general meeting of the Company held on 23 February 2021. For further details, please refer to the circular of the Company dated 3 February 2021.

FINANCIAL REVIEW *(continued)*

Capital Commitments
During the Year, the Group did not have any capital commitments (2020: Nil).

Contingent Liabilities
During the Year, the Group did not have any contingent liabilities (2020: Nil).

Charges on Group Assets
Details of charges on the Group assets are set out in note 32 to the consolidated financial statements.

Dividend
The Directors do not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

SIGNIFICANT INVESTMENTS, MATERIAL DISPOSALS AND ACQUISITIONS OF SUBSIDIARIES

Disposal
On 2 November 2020, the Group disposed the entire share capital of and shareholder's loan in Focus Concept Holdings Limited, which in turn held entire equity interest in Madison Auction Limited ("Madison Auction"). Madison Auction was principally engaged in the provision of auction of alcoholic beverages in Hong Kong (the "Wine Auction Business"). The Group considered the serious disruptions of the traditional live auctions and the intense competition in the online wine auction industry faced by the Group, it was extremely difficult for the Group to sustain its Wine Auction Business. Details of the above-mentioned disposal is set out in the Company's announcement dated 2 November 2020. Upon completion of the above-mentioned disposal on 2 November 2020, the financial results of the Wine Auction Business were no longer be consolidated into the consolidated financial statements of the Group. The financial results of the Wine Auction Business before the disposal had been re-classified as discontinued operation of the Group.

Deemed Disposal of Equity Interest in a Subsidiary
During the year ended 31 March 2021, BITOCEAN Co., Ltd ("Bitocean"), a subsidiary of the Company, issued 3,863 ordinary shares at approximately JPY14,000 per share (equivalent to approximately HK$1,000 per share) to its minority shareholders. Upon issuance of new shares of Bitocean, the Group's equity interest in Bitocean has been diluted to approximately 59.3%. The dilution of the Group's interest in Bitocean constituted a deemed disposal of the Group's equity interest in a subsidiary ("Deemed Disposal"). Accordingly, no expected gain or loss was accrued to the Company as a result of Deemed Disposal and the financial results of Bitocean continued to be consolidated into and reflected in the financial statements of the Group.

Save as disclosed above, there was no material acquisitions and disposals of subsidiaries, associates and joint ventures in the course of the Year.

Future Plans for Material investments or Capital Assets
On 4 June 2021, the Group has entered into a memorandum of understanding (the "MOU") to acquire a target group which are principally engaged in the provision of education management services in China. Such investment is expected to be an attractive opportunity for the Group to enter the education services industry which is expected to increase its shareholders' value and be in the interests of the Company and the Shareholders as a whole. The MOU only sets out the preliminary understanding of both parties in relation to the possible acquisition. Details of the above-mentioned MOU are set out in the Company's announcement dated 17 June 2021.

SEGMENT INFORMATION

For the year ended 31 March 2021, the Group's business comprised four principal segments from continuing operations, namely (i) the Wine Business; (ii) the Financial Services Business; (iii) the Blockchain Services Business; and (iv) the Loan Financing Business which accounted for approximately 47.9%, 0%, 0% and 52.1% of the total revenue (2020: approximately 35.3%, 5.3%, 15.4% and 44.0%) of the total revenue respectively.

SEGMENT INFORMATION *(continued)*

During the Year, there had been a global outbreak of COVID-19 affecting many jurisdictions, including Hong Kong, China and Japan. A series of precautionary and control measures had been adopted and continued to be in place across Hong Kong, China, Japan and the rest of the world. As the impact of COVID-19 and the emergence of unfavourable market conditions as noted in the sub-section headed "Business Review" above had a material impact to the Group's financial results. The Group recorded a decrease in revenue in the Wine Business and Loan Financing Business of approximately HK$18.2 million and HK$30.8 million respectively and no revenue generated from both the Financial Services Business and the Blockchain Services Business as compared to last year. For disposed segment of Wine Auction Business, revenue was approximately HK$4.0 million, which was decreased by approximately HK$0.9 million when compared to approximately HK$4.9 million for the year ended 31 March 2020.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's result of operations may fluctuate significantly from time to time due to seasonality and other factors. The directors of the Group are aware that the Group is exposed to various risks and the principal risks and uncertainties are summarized below.

This summary should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties faced by the Group, but rather those risks which the Group currently believes may have a significant impact on the Group's performance and future prospects.

The Wine Business	(i)	slow-moving inventory
	(ii)	product liability claims
	(iii)	fluctuation in the foreign currency exchange rates
The Financial Services Business	(i)	withdrawals and terminations of projects or defaults or delays in payments by clients
	(ii)	failure to retain and motivate key management personnel to conduct business
	(iii)	exposure to professional liability and litigation
The Loan Financing Business	(i)	customer or counterparty to a financial instrument failing to meet its contractual obligations
	(ii)	uncertainties in the government policy, relevant regulations and guidelines established by the regulatory authorities
The Blockchain Services Business	(i)	uncertainties in the regulatory and economic conditions of countries in which the Group operates
	(ii)	uncertainties over both the timing and amount of the consideration that the Group will receive for undertaking cryptocurrency mining activities
	(iii)	availability of necessary equipment, supplies and manpower for cryptocurrency mining

EMPLOYEE AND REMUNERATION POLICIES

As at 31 March 2021, the Group employed 128 employees (2020: 145). The Group determines the employees' remuneration based on factors such as qualification, duty, contributions and years of experience. In addition, the Group provides comprehensive training programs to its employees or sponsors the employees to attend various job-related training courses. Apart from basic remuneration, share options may be granted under the share option scheme of the Company to eligible employees by reference to the Group's performance as well as the individual's contribution. In addition, each of the sales team members is entitled to a commission with reference to the sales volume achieved by them. The Directors believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to building an environmentally-friendly corporation and always takes the environmental protection issues into consideration during daily operation. The Group does not produce material waste nor emit material quantities of air pollutants. The Group also strives to minimise the adverse environmental impacts by encouraging the employees to recycle office supplies and other materials and to save electricity.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company itself is an investment holding company, the shares of which are listed on GEM operated by the Stock Exchange. The operations of the Group are mainly carried out by the Company's subsidiaries in China, Hong Kong and Japan. As such, the Group's operations shall comply with relevant laws and regulations in China, Hong Kong and Japan accordingly. During the Year, the Group has complied with all applicable laws and regulations in China, Hong Kong and Japan in all material respects. The Group shall continue to keep itself updated with the requirements of the relevant laws and regulations in China, Hong Kong and Japan and adhere to them to ensure compliance.

BUSINESS PROSPECT

With COVID-19 sweeping across the world in early 2020, retail, trade, catering, food and beverage, tourism and other activities stood still and the global economy plummeted, leading to heightened potential economic downside pressures. Looking forward, the Group foresees such uncertainty is expected to continue to affect the Group's performance until 2021 when COVID-19 eases and the domestic and global markets show signs of recovery. It is expected that the COVID-19 will be under control with the launch of vaccines and Hong Kong economy is expected to see positive growth for year 2021 as a whole, but the economic situation in the first half of year 2021 will remain challenging. The Directors will continue to enhance the Group's businesses through review of its existing business portfolio from time to time. Further, the Group will continue looking for other investment opportunities in other streams so as to broaden the source of income of the Group and diversify the Group's business portfolio on an on-going basis.

Event after reporting date

As disclosed in the announcement of the Company dated 20 May 2021, the Company's principal place of business in Hong Kong has changed from 28/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong to Unit 26-28, 8/F, One Island South, 2 Heung Yip Road, Wong Chuk Hang, Hong Kong with effect from 21 May 2021.

On 17 June 2021, Madison Blockchain Holdings Company Limited, being a direct wholly-owned subsidiary of the Company, as vendor, entered into a sale and purchase agreement with an independent third party, as purchaser, pursuant to which the purchaser had agreed to acquire and the vendor had agreed to sell the entire issued share capital of Madison Lab and shareholder's loan at a consideration of HK$90.0 million (the "Disposal"). Prior to the Disposal, Madison Lab together with its non-wholly-owned subsidiary, being Bitocean (the "Disposal Group") were principally engaged in the Blockchain Services Business. Upon completion of the Disposal on 17 June 2021, Disposal Group's result was no longer consolidated into consolidated financial statements of the Group. The Group has also ceased its operation in the Blockchain Services Business. Meanwhile, the Group has entered into the MOU to acquire a target group which is principally engaged in the provision of education management services in China. The MOU only sets out the preliminary understanding of both parties in relation to the possible acquisition. Details of the above-mentioned Disposal and MOU are set out in the Company's announcement dated 17 June 2021.

* Excluded derivative financial instruments and lease liabilities

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 March 2021 (the "Year").

BUSINESS REVIEW

The business review of the Group for the Year is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this report.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are set out in note 8 to the consolidated financial statements.

Analysis of the performance by the Group for the Year by business and geographical segments is set out in note 8 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 35 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated profit or loss and other comprehensive income on pages 42 to 43 of this report.

The Board does not recommend the payment of a final dividend for the Year (2020: nil).

DIVIDEND POLICY

The declaration, form, frequency and amount of any dividend payout of the Company must be in accordance with relevant laws, rules and regulations and subject to the Articles and Association of the Company (the "Articles and Association"). Subject to compliance with applicable laws, rules, regulations and the Articles and Association, in deciding whether to propose any dividend payout, the Board will take into account the Group's financial results, the earnings and distributable reserves, the operations and liquidity requirements, the debt ratio and possible effects on the credit lines, and the development plans of the Company.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "AGM") is scheduled to be held on Monday, 2 August 2021. For the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 28 July 2021 to Monday, 2 August 2021 (both dates inclusive), during which no transfer of Shares will be registered. In order for a Shareholder to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 27 July 2021.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 134 of this report.

SHARE OPTIONS

Details of the Company's share option scheme adopted by the Shareholders on 21 September 2015 (the "Share Option Scheme") and the movement in the Company's share options held by the Directors during the Year are set out in note 42 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles and Association and there is no restriction against such rights under the laws of Cayman Islands.

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

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

RESERVES

Movements in reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on pages 46 and 133 to the consolidated financial statements.

PLANT AND EQUIPMENT

Details of the movements in the plant and equipment of the Group during the Year are set out in note 17 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Mr. Chen Ying-chieh *(resigned as Executive Director, chairman and chief executive officer of the Company with effect from 31 July 2020)*
Mr. Hankoo Kim *(resigned as Executive Director with effect from 31 July 2020)*
Ms. Kuo Kwan
Mr. Zhang Li

Non-Executive Directors

Mr. Ip Cho Yin, *J.P*
Mr. Ji Zuguang *(appointed as Chairman with effect from 31 July 2020)*

Independent Non-Executive Directors

Ms. Fan Wei
Mr. Chu Kin Wang Peleus
Dr. Lau Reimer, Mary Jean

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Group are set out on pages 5 to 8 of this report.

DIRECTORS' SERVICE CONTRACTS AND APPOINTMENT LETTERS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years which is automatically renewed for successive terms of one year each upon expiry of the then current term and shall be terminated by either party giving to the other not less than three months' notice in writing.

Each of the non-executive Directors has entered into a letter of appointment with the Company for a term of three years.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Director's interests in transactions, arrangements or contracts of significance

Save for the Directors' service contracts as disclosed in this report and the granting of share options to the Directors, details of which is set out in note 42 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the Year.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' emoluments and the five highest paid individuals of the Group during the Year are set out in notes 13 and 14 to the consolidated financial statements respectively.

EMOLUMENT POLICY

The Directors are paid fees in line with market practice. The Group adopted the following main principles in determining the remuneration of the Directors and other employees:

No individual should determine his or her own remuneration;

Remuneration should be broadly aligned with companies with whom the Group competes for human resources;

Remuneration should reflect performance and responsibility with a view to motivating and retaining high performing individuals and enhancing the value of the Company to its Shareholders; and

Share options grants to the senior management or staff as incentives for their contribution to the growth and development of the Group in the intermediate to longer time frame.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2021, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO; or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in the Shares and underlying Shares

Name of Director	Capacity/ Nature of interest	Number of Shares interested	Number of underlying shares pursuant to share options	Aggregate interests	Approximate percentage of the Company's issued Shares*
Ms. Kuo Kwan ("Ms. Kuo")	Beneficial owner	–	18,000,000 *(Notes 1 and 2)*	18,000,000	0.289%
Mr. Zhang Li ("Mr. Zhang")	Beneficial owner	–	1,000,000 *(Note 2)*	1,000,000	0.021%
Mr. Ji Zuguang ("Mr. Ji")	Beneficial owner	–	1,000,000 *(Note 2)*	3,089,786	0.050%
	Interest in a controlled corporation	2,089,786 *(Note 3)*			
Ms. Fan Wei ("Ms. Fan")	Beneficial owner	–	300,000 *(Note 1)*	300,000	0.005%
Mr. Chu Kin Wang Peleus ("Mr. Chu")	Beneficial owner	–	300,000 *(Note 1)*	300,000	0.005%
Mr. Ip Cho Yin, J.P. ("Mr. Ip")	Beneficial owner	–	1,300,000 *(Notes 1 and 2)*	1,300,000	0.021%

Notes:

1. On 3 April 2018, the Company granted a total of 219,000,000 share options, of which 5,900,000 share options were granted to the following persons entitling them to subscribe for a total of 5,900,000 Shares at the exercise price of HK$1.89 per Share:

   a. 5,000,000 share options (carrying the right to subscribe for 5,000,000 Shares) were granted to Ms. Kuo in her capacity as an executive Director;

   b. 300,000 share options (carrying the right to subscribe for 300,000 Shares) were granted to Mr. Ip in his then capacity as an independent non-executive Director ("INED"). He was re-designated as a non-executive Director ("NED") on 7 March 2019;

   c. 300,000 share options (carrying the right to subscribe for 300,000 Shares) were granted to Ms. Fan in her capacity as an INED; and

   d. 300,000 share options (carrying the right to subscribe for 300,000 Shares) were granted to Mr. Chu in his capacity as an INED.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

Long position in the Shares and underlying Shares *(continued)*

Notes: (continued)

2. On 6 December 2019, the Company granted a total of 355,400,000 share options, of which 119,800,000 share options were granted to the following persons entitling them to subscribe for a total of 119,800,000 Shares at the exercise price of HK$0.207 per Share:

   a. 51,900,000 share options (carrying the right to subscribe for 51,900,000 Shares) were granted to Mr. Chen Ying-chieh in his capacity as an executive Director, chairman and chief executive officer. Mr. Chen Ying-chieh resigned from his positions with effect from 31 July 2020;

   b. 51,900,000 share options (carrying the right to subscribe for 51,900,000 Shares) were granted to Mr. Hankoo Kim in his capacity as an executive Director. Mr. Hankoo Kim resigned from his position with effect from 31 July 2020;

   c. 13,000,000 share options (carrying the right to subscribe for 13,000,000 Shares) were granted to Ms. Kuo in her capacity as an executive Director;

   d. 1,000,000 share options (carrying the right to subscribe for 1,000,000 Shares) were granted to Mr. Zhang in his capacity as an executive Director;

   e. 1,000,000 share options (carrying the right to subscribe for 1,000,000 Shares) were granted to Mr. Ji in his capacity as an non-executive Director;

   f. 1,000,000 share options (carrying the right to subscribe for 1,000,000 Shares) were granted to Mr. Ip in his capacity as an non-executive Director;

3. Plan Marvel Investment Limited ("Plan Marvel"), being a company incorporated in the British Virgin Islands with limited liability, is wholly-owned by Mr. Ji. Mr. Ji is deemed to be interested in 2,089,786 Shares held by Plan Marvel by virtue of the SFO.

* The number of issued Shares of the Company as at 31 March 2021 is 6,231,272,277 Shares.

Save as disclosed above, as at 31 March 2021, none of the Directors or chief executive of the Company had any interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

So far as the Directors are aware, as at 31 March 2021, other than the Directors and chief executive of the Company, the following persons or corporations had interests and short positions 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 were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long position in the Shares and underlying Shares

Name	Capacity/ Nature of interest	Note	Number of Shares interested	Number of underlying shares pursuant to share options	Aggregate interests	Approximate percentage of the Company's issued Shares* *(Note 9)*
Royal Spectrum Holding Company Limited ("Royal Spectrum")	Beneficial owner	1, 2 & 5	1,968,000,000	–	1,968,000,000	31.58%
Devoss Global Holdings Limited ("Devoss Global")	Interest in controlled corporation and beneficial owner	1, 2 & 4	1,968,000,000	6,000,000	1,974,000,000	31.68%
CVP Financial Group Limited ("CVP")	Beneficial owner	3 & 5	504,872,727	–	504,872,727	8.10%
Mr. Ting Pang Wan Raymond ("Mr. Ting")	Interest in controlled corporation	1, 2, 3, 4 & 5	2,486,916,727	142,363,636	2,629,280,363	42.19%
Ms. Luu Huyen Boi ("Ms. Luu")	Interest of spouse	6	2,486,916,727	142,363,636	2,629,280,363	42.19%
Software Research Associates, Inc. ("SRA")	Beneficial owner	7	447,045,454	–	447,045,454	7.17%
SRA Holdings, Inc. ("SRA Holdings")	Interest in controlled corporations	7	447,045,454	–	447,045,454	7.17%
Atlantis Capital Holdings Limited ("ACHL")	Interest in controlled corporations	8	563,445,000	–	563,445,000	9.04%
Ms. Liu Yang ("Ms. Liu")	Interest in controlled corporations	8	563,445,000	–	563,445,000	9.04%
Ample Cheer Limited ("Ample Cheer")	Interest in controlled corporation	9	2,213,236,382	–	2,213,236,382	35.51%
Best Forth Limited ("Best Forth")	Interest in controlled corporation	9	2,213,236,382	–	2,213,236,382	35.51%
Chu Yuet Wah ("Mrs. Chu")	Interest in controlled corporation	9	2,213,236,382	–	2,213,236,382	35.51%
Kingston Finance Limited ("Kingston")	Person having a security interest in shares	9	2,213,236,382	–	2,213,236,382	35.51%
Bartha International Limited ("Bartha International")	Beneficial owner	10	367,700,000	–	367,700,000	5.90%
Li Ran	Interest in controlled corporation	10	367,700,000	–	367,700,000	5.90%
Pu Xueyuan	Interest in controlled corporation	10	367,700,000	–	367,700,000	5.90%
Wang Xuping	Interest in controlled corporation	10	367,700,000	–	367,700,000	5.90%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

Long position in the Shares and underlying Shares *(continued)*

Name	Capacity/ Nature of interest	Note	Number of Shares interested	Number of underlying shares pursuant to share options	Aggregate interests	Approximate percentage of the Company's issued Shares* *(Note 9)*
Zhang Fengge	Interest in controlled corporation	10	367,700,000	–	367,700,000	5.90%
Wang Hui	Beneficial owner	11	421,392,000	–	421,392,000	6.76%

Notes:

1. The entire issued share capital in Royal Spectrum is legally and beneficially owned as to 96.63% by Devoss Global and 3.37% by Montrachet Holdings Limited. Devoss Global is legally and beneficially owned by Mr. Ting. Devoss Global is deemed to be interested in the Shares held by Royal Spectrum. Mr. Ting is a director of both Royal Spectrum and Devoss Global.

2. On 27 November 2018, Royal Spectrum pledged 199,600,000 ordinary shares in favour of an independent third party as a security of a loan in the amount of JPY2,000,000,000.

3. CVP is wholly-owned by Mr. Ting. Mr. Ting is deemed to be interested in all the Shares held by CVP. Mr. Ting is deemed to be interested in the Shares in which CVP is interested in under Part XV of the SFO.

4. Details of the underlying shares are as follows:

   a. 6,000,000 share options granted to Devoss Global on 17 December 2015.

   b. 136,363,636 conversion shares (the "Conversion Shares") of the Company under the convertible bonds of the Company issued to Bartha Holdings Limited, a company owned as to approximately 88.9% by CVP holdings Limited, which in turn, is wholly ownded by Mr. Ting.

5. On 5 July 2019, Royal Spectrum and CVP pledged 1,708,363,655 Shares and 504,872,727 Shares respectively in favour of an independent third party as a security of a loan in the amount of HK$106,000,001 provided by the independent third party to the Company as general working capital.

6. Ms. Luu is the spouse of Mr. Ting. Ms. Luu is deemed to be interested in all the Shares and underlying shares in which Mr. Ting is interested in under Part XV of the SFO.

7. SRA is directly wholly-owned by SRA Holdings. SRA Holdings is deemed to be interested in the Shares in which SRA is interested in under Part XV of the SFO.

8. Based on the notices of disclosure of interest filed by ACHL and Ms. Liu on 24 December 2019, they are indirectly interested in 372,645,000 Shares held by their wholly-owned subsidiaries, namely Atlantis Investment Management Limited and Atlantis Investment Management (Ireland) Limited, under Part XV of the SFO.

9. Kingston is a wholly-owned subsidiary of Ample Cheer, which is in turn owned as to 80% by Best Forth and 20% by Insight Glory Limited ("Insight Glory"). Both Best Forth and Insight Glory are wholly-owned by Mrs. Chu.

10. Based on the notices of disclosure of interest filed on 22 December 2020, Bartha International is owned as to 20% by Li Ran, 25% by Pu Xueyuan, 26% by Wang Xuping and 29% by Zhang Fengge.

11. Based on the notice of disclosure of interest filed by Wang Hui on 8 April 2021.

* The number of issued Shares of the Company as at 31 March 2021 is 6,231,272,277 Shares.

Save as disclosed above, as at 31 March 2021, the Directors are not aware of any substantial shareholders or other persons or corporations (other than the Directors and chief executive of the Company) who/which had any interests or short positions in the Shares or underlying shares of the Company or any of its associated companies which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "Share Option Scheme") pursuant to a written resolution of the Shareholders passed on 21 September 2015 (the "Adoption Date"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

(A) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest ("Invested Entity").

(B) Participants of the Share Option Scheme

The participants of the Share Option Scheme shall be:

(1) any employee (whether full-time or part-time) of the Company, any of the subsidiaries and any Invested Entity;

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

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

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

(5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity; and

(6) or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the Share Option Scheme.

SHARE OPTION SCHEME *(continued)*

(C) Total number of shares available for issue under the Share Option Scheme

Under the Share Option Scheme, the total number of shares which may be allotted and issued upon exercise of all Share Options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the number of the issued shares as at 17 August 2018 unless the Company obtains a fresh approval from the Shareholders.

As at the date of this report, a total of 519,272,689 Shares (representing approximately 8.33% of the issued share capital of the Company) are available for issue under the Share Option Scheme.

(D) Maximum entitlement of each participant under the Share Option Scheme

The maximum entitlement of each participant under the Share Option Scheme in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of shares in issue.

(E) The period within which the shares must be taken up under an option

The period during which an option may be exercised is determined by the Board at its discretion, save that such period shall not be longer than 10 years from the date of grant.

(F) The minimum period for which an option must be held before it can be exercised

As determined by the Board upon the grant of an option.

(G) The amount payable on acceptance of an option and the period within which payments shall be made

A consideration of HK$1 is payable on acceptance of the offer of grant of an option where the grantee should accept or decline the offer of grant of an option within the date as specified in the offer letter issued by the Company, being a date not later than 21 business days from the date upon which it is made.

(H) The basis of determining the exercise price

The exercise price of a share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board in its absolute discretion and notified to an eligible person, and shall be at least the higher of: (1) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, (2) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of grant, and (3) the nominal value of a share on the date of grant.

SHARE OPTION SCHEME *(continued)*

(l) The remaining life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date until 20 September 2025.

Details of movements of the share options granted under the Share Option Scheme during year ended 31 March 2021 were as follows:

				Number of share options			
Category	Date of grant	Exercise period	Exercise price per share	As at 1 April 2020	Granted during the year	Exercised/ Cancelled/ Lapsed during the year	As at 31 March 2021
Devoss Global *(Note 2)*	17 December 2015	17 June 2016 to 16 December 2025	HK$0.80 *(Note 1)*	6,000,000	–	–	6,000,000
Montrachet Holdings Limited *(Note 3)*	17 December 2015	17 June 2016 to 16 December 2025	HK$0.80 *(Note 1)*	15,000,000	–	–	15,000,000
Directors							
Mr. Chen Ying-chieh ("Mr. Chen") *(Note 4)*	6 December 2019	*(Note 5)*	HK$0.207	51,900,000	–	51,900,000	–
Mr. Hankoo Kim ("Mr. Kim") *(Note4)*	6 December 2019	*(Note 5)*	HK$0.207	51,900,000	–	51,900,000	–
Ms. Kuo	3 April 2018	1 January 2019 to 2 April 2028	HK$1.89	5,000,000	–	–	5,000,000
	6 December 2019	*(Note 5)*	HK$0.207	13,000,000	–	–	13,000,000
Mr. Zhang	6 December 2019	*(Note 5)*	HK$0.207	1,000,000	–	–	1,000,000
Mr. Ip	3 April 2018	1 January 2019 to 2 April 2028	HK$1.89	300,000	–	–	300,000
	6 December 2019	*(Note 5)*	HK$0.207	1,000,000	–	–	1,000,000
Mr. Ji	6 December 2019	*(Note 5)*	HK$0.207	1,000,000	–	–	1,000,000
Ms. Fan	3 April 2018	1 January 2019 to 2 April 2028	HK$1.89	300,000	–	–	300,000
Mr. Chu	3 April 2018	1 January 2019 to 2 April 2028	HK$1.89	300,000	–	–	300,000

SHARE OPTION SCHEME *(continued)*

				Number of share options			
Category	Date of grant	Exercise period	Exercise price per share	As at 1 April 2020	Granted during the year	Exercised/ Cancelled/ Lapsed during the year	As at 31 March 2021
Consultants *(Note 6)*	17 December 2015	17 June 2016 to 16 December 2025	HK$0.80	160,000,000	–	–	160,000,000
	3 April 2018 *(Note 6)*	1 January 2019 to 2 April 2028	HK$1.89	184,600,000	–	–	184,600,000
	13 December 2018	1 July 2019 to 12 December 2028	HK$1.12	48,000,000	–	–	48,000,000
	6 December 2019	*(Note 5)*	HK$0.207	103,800,000	–	51,900,000	51,900,000
Employees	3 April 2018	1 January 2019 to 2 April 2028	HK$1.89	10,000,000	–	1,500,000	8,500,000
	6 December 2019	*(Note 5)*	HK$0.207	131,800,000	–	119,300,000	12,500,000
				784,900,000	–	276,600,000	508,400,000

Notes:

1. The share options granted on 17 December 2015 are exercisable from 17 June 2016. The closing price of the shares of the Company immediately before the date on which the share options were granted was HK$7.10 per share and adjusted on 8 November 2016.

2. Devoss Global is a company wholly-owned by Mr. Ting, being the controlling shareholder of Royal Spectrum, a substantial shareholder of the Company.

3. Montrachet, a company wholly-owned by Mr. Zhu Hui Xin (former executive Director), the father of Mr. Zhu Qin, and Montrachet is holding 3.37% shareholding interest in Royal Spectrum.

4. Mr. Chen and Mr. Kim resigned from their positions as executive Directors on 31 July 2020.

5. Exercise period: (i) 50% of the Options are exercisable from 6 December 2020 to 5 December 2029 (both days inclusive); and (ii) 50% of the Options are exercisable from 6 December 2021 to 5 December 2029 (both days inclusive).

6. Consultants are corporations which render consultancy services to the Group.

SHARE OPTION SCHEME *(continued)*

No share options were granted during the year ended 31 March 2021.

On 31 July 2020, ordinary resolutions had been passed by the Shareholders to refresh the scheme mandate limit under the Share Option Scheme, such that the maximum number of shares that can be allotted and issued upon the exercise of Share Options which may be granted by the Company under the scheme mandate limit so refreshed would be 519,272,689 shares, being 10% of the total number of issued shares as at the date of passing of the resolution approving the said refreshment.

Share-based payment expenses of approximately HK$3,219,000 were reversed (2020: approximately HK$7,763,000 were recognised) by the Group for the year ended 31 March 2021 in relation to share options granted by the Company.

For further details, please refer to note 42 to the consolidated financial statements in this report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles and Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties in their offices.

Such permitted indemnity provision has been in force throughout the year and is still in force. In addition, the Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Year.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the percentage of sales attributable to the five largest customers combined is approximately 22.3% (2020: approximately 16.3%) and the largest customer included therein is approximately 5.2% (2020: approximately 6.6%). The percentage of purchases attributable to the five largest suppliers combined is approximately 29.4% (2020: approximately 26.8%).

So far as is known to the Directors, none of the Directors, their close associates or shareholder(s) who/which own(s) more than 5% of the Company's issued share capital had any interest in the share capital of any of the five largest customers or suppliers of the Group.

RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during the Year, which constitute exempted connected transactions or continuing connected transactions under the GEM Listing Rules, are set out in note 43 to the consolidated financial statements.

COMPETING INTERESTS

None of the Directors or the controlling Shareholders and their respective associates (as defined in the GEM Listing Rules) has an interest in a business which competed or might compete with the business of the Group or has any other conflict of interest with the Group during the Year.

DEED OF NON-COMPETITION

A deed of non-competition dated 29 September 2015 (the "Deed of Non-competition") was entered into among the Company and the controlling shareholders of the Company, namely by Royal Spectrum, Devoss Global and Mr. Ting, in favour of the Company (for the Company and for the benefit of its subsidiaries) regarding certain non-competition undertakings. Details of the Deed of Non-competition were disclosed in the section headed "Relationship with Controlling Shareholders" to the prospectus of the Company dated 29 September 2015.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float required under the GEM Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31 March 2021.

AUDITOR

The consolidated financial statements of the Company for the Year have been audited by SHINEWING (HK) CPA Limited, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM of the Company. There has been no change in auditor in the past three years.

A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company will be proposed at the forthcoming AGM of the Company.

On behalf of the Board
Madison Group Holdings Limited
Ji Zuguang
Chairman

Hong Kong, 22 June 2021

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code ("CG Code") contained in Appendix 15 to the GEM Listing Rules (as in effect from time to time) as its own code of corporate governance.

According to the C.3.3(e)(i) of CG Code and the term of reference of the Audit Committee of the Company, the members of Audit Committee are required to meet the external auditor at least twice a year. However, the members of Audit Committee met once with the external auditor during the year ended 31 March 2021. The Company will arrange the members of the Audit Committee to meet with the external auditor at least twice a year.

Pursuant to code provision E.1.2 of the CG Code, the Chairman of the Board should attend the annual general meeting of the Company held on 31 July 2020 and invite the chairman of the audit, remuneration and nomination committees to attend and be available to answer questions at the AGM. Ms. Kuo Kwan, an executive Director, has been performing the above duties in lieu of Mr. Chen Ying-chieh, then the Chairman of the Board, who had other prearranged business commitments on the day of the said annual general meeting.

Save as disclosed above as well as on page 33 regarding the deviation from code provision A.2.1 of the CG Code, the Company has complied with all the applicable code provisions as set out in the CG Code during the year ended 31 March 2021 and up to the date of this annual report. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code on Securities Dealings"). The Company, having made specific enquiry of all the Directors, confirmed that all the Directors have complied with the required standard of dealings as set out in the Code on Securities Dealings for the year ended 31 March 2021.

BOARD OF DIRECTORS

Board composition

The Board is responsible for managing the Company on behalf of the Shareholders. The Board is of the view that it is the Directors' responsibility to create value for the Shareholders and safeguard the best interests of the Company and the Shareholders as a whole by discharging its duties in a dedicated, diligent and prudent manner on the principle of good faith.

BOARD OF DIRECTORS *(continued)*

Board composition *(continued)*

The primary functions of the Board include:

(i) deciding on the overall strategies, overseeing operational and financial performance and formulating appropriate policies to manage risk exposure associated with realising the strategies and goals of the Group;

(ii) monitoring and reviewing the Group's corporate governance practices on compliance with legal and regulatory requirements, and renewing the Company's compliance with the CG Code;

(iii) being held accountable for the internal control system of the Group and responsible for reviewing its effectiveness;

(iv) being ultimately responsible for preparing financial accounts and discussing the performance, financial conditions and prospects of the Group in a balanced, clear and comprehensible manner. These responsibilities are applicable to quarterly, interim and annual reports of the Company, other price sensitive announcements published according to the GEM Listing Rules and disclosure of other financial information, reports submitted to regulatory bodies and information discloseable under statutory requirements;

(v) executive Directors, who oversee the overall business of the Group, are responsible for the daily management of the Group, the Board is responsible for affairs involving the overall policies, finance and Shareholders of the Company, namely financial statements, dividend policy, significant changes to accounting policies, annual operating budgets, material contracts, major financing arrangements, principal investment and risk management strategy. Implementation and execution of such decisions is delegated to the management; and

(vi) regularly reviewing its own functions and the powers conferred upon executive Directors to ensure appropriate arrangements are in place.

The Board has overall responsibility for the leadership, strategic direction, control and performance of the Group and for promoting the success of the Group by directing and supervising its affairs. The Board delegates the day-to-day management, administration and operation of the Group to management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

The management is well informed of its powers and duties with clear guidelines and instructions, in particular regarding situations under which reporting to the Board is necessary and matters that require the approval of the Board before any decisions or commitments can be made on behalf of the Company.

The Board currently comprises seven Directors, with two executive Directors, namely, Ms. Kuo Kwan and Mr. Zhang Li, two non-executive Directors, namely, Ip Cho Yin, J.P. and Ji Zuguang and three independent non-executive Directors, namely, Ms. Fan Wei, Mr. Chu Kin Wang Peleus and Ms. Lau Reimer, Mary Jean. The biographies of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" of this report. The Directors, with relevant and sufficient experience and qualifications, have given sufficient time and attention to the affairs of the Group and have exercised due care and fiduciary duties in relation to the significant issues of overall business planning, management and strategic development of the Group.

To the knowledge of the Directors, the Board members have no material financial, business, family or other relevant relationships with each other.

BOARD OF DIRECTORS *(continued)*

Independent Non-Executive Directors

During the Year, the Board at all times complied with the requirement of the GEM Listing Rules of having at least three independent non-executive Directors sit on the Board (more than one-third of the Board members) and at least one of them having appropriate professional accounting or related financial management expertise. All the independent non-executive Directors are appointed for a three-year term, and subject to rotation and re-election pursuant to the Articles of Association. Details of their appointments are referred to the section headed "Directors' Service Contracts and Appointment Letters" on page 18 of this report. Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to rule 5.09 of the GEM Listing Rules and the Company considers these Directors to be independent.

Board practice and conduct of meetings

The full Board meets at least four times a year, at approximately quarterly intervals, to review the financial performance, results of each period, material investments and other matters of the Group that require the resolution of the Board. Simultaneous communication methods may be used to improve attendance when individual Director cannot attend the meeting in person.

The attendance records of each Director and each member of the Board committees for the year ended 31 March 2021 are as follows:

	Number of meetings attended/eligible to attend				
	Board	Audit Committee	Remuneration Committee	Nomination And Corporate Governance Committee	General Meeting
Executive Directors					
Mr. Chen Ying-chieh *(resigned with effect from 31 July 2020)*	1/1	N/A	N/A	N/A	0/1
Mr. Hankoo Kim *(resigned with effect from 31 July 2020)*	1/1	N/A	N/A	N/A	0/1
Ms. Kuo Kwan	9/9	N/A	N/A	N/A	3/3
Mr. Zhang Li	9/9	N/A	N/A	N/A	3/3
Non-Executive Directors					
Mr. Ip Cho Yin, *J.P*	9/9	4/4	N/A	1/1	3/3
Mr. Ji Zuguang	9/9	N/A	1/1	1/1	3/3
Independent Non-Executive Directors					
Ms. Fan Wei	9/9	4/4	1/1	1/1	3/3
Mr. Chu Kin Wang Peleus	9/9	4/4	1/1	1/1	3/3
Dr. Lau Reimer, Mary Jean	9/9	4/4	1/1	1/1	3/3

Information of material issues, due notice of meetings and minutes of every meeting have been sent to all Directors for their information, comment and review.

BOARD OF DIRECTORS *(continued)*

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service agreement with the Company for a term of three years which is automatically renewed for successive terms of one year each upon expiry of the then current term and shall be terminated by either party giving to the other not less than three months' notice in writing.

Each of the non-executive Directors has entered into a letter of appointment with the Company for a term of three years.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years.

The Company has established formal, considered and transparent procedures for the appointment of new Directors. The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. Pursuant to Article 84(1) of the Articles of Association, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Pursuant to Article 83(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorization by the Shareholders in general meetings, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Shareholders in general meetings. Any Director so appointed by the Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election at that meeting.

In compliance with the code provision A.4.3 of the CG Code, the further appointment of independent non executive Directors who have served more than 9 years should be subject to a separate resolution to be approved by Shareholders and the papers to Shareholders accompanying that resolution should include the reasons why the Board believes the relevant Director is still independent and should be re-elected.

Directors' Training and Continuous Professional Development

In compliance with code provision A.6.5 of the CG code, the Directors are to participate in continuous professional development to develop and refresh their knowledge and skills, to ensure that the Directors' contribution to the Board remains relevant and informed. As part of the Directors' continuous professional development programme, each newly appointed Director shall receive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operation of the Group and that he/she is aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

During the Year, all existing Directors were provided with updates on the latest developments and changes in the GEM Listing Rules and other relevant legal and regulatory requirements from time to time to develop and refresh the Directors' understanding and knowledge in respect of their duties and responsibilities. Continuing briefings to Directors are arranged whenever necessary.

Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board.

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills, knowledge and length of service. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

BOARD OF DIRECTORS *(continued)*

Chairman and Chief Executive Officer

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company deviates from this provision because Mr. Chen Ying-chieh had assumed the roles of both the chairman of the Board and the chief executive officer of the Company from 19 November 2019 to 31 July 2020. The Board believed that resting the roles of both the chairman and the chief executive officer in the same person had the benefit of ensuring consistent leadership within the Group and enabled more effective and efficient overall strategic planning for the Group. Although these two roles were performed by the same individual, certain responsibilities were shared with the executive Directors to balance power and authority. In addition, all major decisions were made in consultation with members of the Board, as well as with the senior management. The Board has three independent non-executive Directors who offer different independent perspectives. Therefore, the Board is of the view that the balance of power and safeguards in place were adequate at the material time. Following the resignation of Mr. Chen Ying-chieh, Mr. Ji Zuguang was appointed as the chairman with effect from 31 July 2020.

During the Year, the chairman fulfilled his responsibilities, including chairing the Board meetings, ensuring that the Board operates effectively and discharges its responsibilities, ensuring good corporate governance practices and procedures by anchoring with the GEM Listing Rules, facilitating effective contribution of Directors, ensuring effective communications with Shareholders and ensuring constructive relations between executive and non-executive Directors.

BOARD COMMITTEES

The Board has established three committees, namely audit committee (the "Audit Committee"), remuneration committee (the "Remuneration Committee") and nomination and corporate governance committee (the "Nomination and Corporate Governance Committee"), each overseeing and being responsible for affairs in different aspects of the Company. All Board committees of the Company are established with defined written terms of reference.

The written terms of reference for each board committee are in compliance with the GEM Listing Rules and they are posted on the respective websites of the Stock Exchange and the Company.

Audit Committee

The Board has established the Audit Committee. It currently comprises one non-executive Director and three independent non-executive Directors, namely Mr. Chu Kin Wang Peleus (Chairman), Ms. Fan Wei, Ip Cho Yin, *J.P.* and Dr. Lau Reimer, Mary Jean. None of the members of the Audit Committee is a former partner of the auditors of the Company.

The principal duties of the Audit Committee are to assist the Board in reviewing the financial information, overseeing the Company's financial reporting system, risk management, internal control systems and relationship with external auditors, and arrangements to enable employees of the Company to raise concerns under the protection of confidentiality about possible improprieties in financial reporting, internal control or other matters of the Company.

Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant laws, regulations and rules are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. The systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

During the Year, the Audit Committee held four meetings for the purposes of reviewing the quarterly, interim and annual financial results and reports and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, and the other matters in accordance with the Audit Committee's written terms of reference. The Group's audited annual results for the year ended 31 March 2021 have been reviewed by the Audit Committee.

BOARD COMMITTEES *(continued)*

Remuneration Committee

The Board has established the Remuneration Committee. It currently comprises one non-executive Director and three independent non-executive Directors, namely Ms. Fan Wei (Chairlady), Mr. Ji Zuguang, Mr. Chu Kin Wang Peleus and Dr. Lau Reimer, Mary Jean. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing a formal and transparent procedure for developing remuneration policy and to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the Year, the Remuneration Committee held five meetings to review and make recommendation to the Board on the remuneration packages of a new Director and other related matters in accordance with the Remuneration Committee's written terms of reference.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the member(s) of the senior management by band for the year ended 31 March 2021 is set out below:

Remuneration band	**Number of individuals**
HK$1,000,001 to HK$1,500,000	3

Further particulars regarding Directors' emoluments are set out in note 14 to the consolidated financial statements.

Nomination and Corporate Governance Committee

The Board has established the Nomination and Corporate Governance Committee. It currently comprises two non-executive Directors and three independent non-executive Directors, namely Mr. Ji Zuguang (Chairman), Mr. Ip Cho Yin, *J.P.*, Ms. Fan Wei, and Mr. Chu Kin Wang Peleus and Dr. Lau Reimer, Mary Jean. The primary functions of the Nomination and Corporate Governance Committee include reviewing the Board's structure, size and composition of the Board, identifying individuals suitably qualified to become Board members, making recommendations to the Board on the appointment and succession planning of directors, and assessing the independence of independent non-executive Directors.

According to the Policy of the Company, appointments of Board members will be made on a merit basis and candidates will be considered against objective criteria. The selection criteria used in assessing the suitability of a candidate include:

- the candidate's academic background and qualifications (including professional qualifications, skills and knowledge which are relevant to the Company's business and corporate strategy);
- the candidate's relevant experience in the industry;
- the candidate's character and integrity;
- the candidate's willingness and capacity to devote adequate time in discharge of a director's duties;
- whether the candidate can contribute to the Board a diversity of perspectives;
- where the candidate is proposed to be appointed as an independent non-executive Director whether the candidate is in compliance with the criteria of independence under the GEM Listing Rules; and
- any other factors as may be determined by the Board from time to time.

BOARD COMMITTEES *(continued)*

Nomination and Corporate Governance Committee *(continued)*

In terms of nomination procedures, any Board member may nominate or invite a candidate for appointment as a Director to be considered by the Nomination and Corporate Governance Committee. The Nomination and Corporate Governance Committee will then evaluate the personal profile of the candidate based on the selection criteria set out above, undertake due diligence in respect of such candidate and make recommendation for the Board's consideration and approval. For nomination of independent non-executive Director, the Nomination and Corporate Governance Committee will also assess the candidate's independence in accordance with the CG Code and the GEM Listing Rules. For re-appointment of retiring Directors, the Nomination and Corporate Governance Committee will review the candidate's overall contribution and performance (including the candidate's attendance at Board committee meetings, Board meetings and general meetings, his/her level of participation and performance on the Board), and make recommendations to the Board and Shareholders for re-election at general meetings.

During the Year, the Nomination and Corporate Governance Committee held five meetings to review and make recommendation to the Board on the appointment of a new Director and other related matters in accordance with the Nomination and Corporate Governance Committee's written terms of reference.

AUDITOR'S REMUNERATION

The remuneration in respect of audit and non-audit services provided by the auditor, Shinewing (HK) CPA Limited, to the Group in the year ended 31 March 2021 amounted to HK$1,330,000 and HK$128,000 respectively. Non-audit services were mainly related to professional services in connection with interim financial information.

SWRS Risk Services Limited provided internal audit services to the Group in the year ended 31 March 2021 amounted to HK$170,000.

COMPANY SECRETARY

The Company Secretary is Mr. Young Ho Kee Bernard. He has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge for the year ended 31 March 2021. For details and professional qualifications of Mr. Young Ho Kee Bernard, please refer to the section headed "Biographical Details of Directors and Senior Management" of this report.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR ACCOUNTS

The Directors acknowledge their responsibility for the preparation of consolidated financial statements of the Group for the year ended 31 March 2021, which give a true and fair view of the financial position of the Group on a going concern basis. Statements of Directors' responsibilities for preparing the consolidated financial statements and external auditor's reporting responsibilities are set out in the "Independent Auditor's Report".

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining the Company's internal control system and risk management procedures and for reviewing the effectiveness of these controls annually.

To enhance corporate governance, the Group implements internal control and audit supervision to reduce operating risks. The Group has established an Internal Audit system in accordance with relevant regulations. Internal audit is an independent consultation, evaluation, control and supervision activity carried out within the Group. Through systematic and standardized methods, the Group reviews and evaluates within various departments of their operating activities and target achievement, the establishment and implementation of internal control, the utilization of resources, etc.. It also provides relevant analysis, recommendations, assistance, and supervision for management personnel to perform their duties in due diligence.

RISK MANAGEMENT AND INTERNAL CONTROL *(continued)*

During the Year, the Directors have continuously reviewed and are satisfied that the Group's risk management and internal control systems, including, in particular, financial, operational and compliance controls and risk management functions, are effective and adequate to safeguard the Group's assets against unauthorised use or disposition, and to protect the interests of the Company and the Shareholders as a whole.

SHAREHOLDERS' RIGHTS

The annual report, interim report and quarterly reports offer comprehensive information to the Shareholders on operational and financial performance whereas AGM provide a forum for the Shareholders to exchange views directly with the Board. The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board.

According to the Articles of Association, any 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 carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. The requisition must be lodged with the registered office of the Company. The written requisition (i) must state the purposes of the EGM, and (ii) must be signed by the requisitionists and deposited at the principal place of business of the Company in Hong Kong for attention of the Board or the Company Secretary, and may consist of several documents in like form, each signed by one or more requisitionists. Such meeting shall be held within two (2) months after the deposit of such requisition. Such requisitions will be verified by the Company's branch share registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will inform the Board to convene an EGM by serving sufficient notice to all shareholders of the Company. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the EGM will not be convened as requested.

As regards to proposing a person for election as a Director, please refer to the procedures as set out in the Articles of Association on the respective websites of the Stock Exchange and the Company.

Shareholders may send written enquiries or requests in respect of their rights to the principal place of business of the Company in Hong Kong and for the attention of the Company Secretary.

INVESTOR RELATIONS

The Company establishes different communication channels with investors to update the latest business development and financial performance including the publication of quarterly, interim and annual reports, the publish and posting of notices, announcements and circulars on the GEM website and the Company's website in order to maintain a high level of transparency, and to ensure there is no selective disclosure of inside information.

CONSTITUTIONAL DOCUMENTS

Pursuant to rule 17.102 of the GEM Listing Rules, the Company has published its Memorandum and Articles of Association on the respective websites of the Stock Exchange and the Company. During the Year, no amendments were made to the constitutional documents of the Company.

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF MADISON HOLDINGS GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Madison Holdings Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 42 to 133, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss from continuing operations of approximately HK$51,679,000 for the year ended 31 March 2021. In addition, at 31 March 2021, the Group had bank balances and cash amounted to approximately HK$19,657,000, while its loan from a subsidiary of non-controlling shareholder, borrowings and promissory notes payables totaling amounted to approximately HK$214,959,000 which will be matured within the coming twelve months from 31 March 2021. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

Valuation and impairment assessment of inventories

Refer to note 23 to the consolidated financial statements and the accounting policies on page 62.

The key audit matter

As at 31 March 2021, the Group maintained inventories of approximately HK$20,379,000 and no write-down on inventories was recognised during the year ended 31 March 2021.

The assessment of impairment in respect of these inventories involves significant management judgement in estimating the net realisable value of the inventories.

How the matter was addressed in our audit

Our audit procedures were designed to challenge the assumptions and critical judgements of the Group's impairment assessment on inventories and the management estimations or judgements on the net realisable value of inventories based on the latest invoice prices and current market conditions.

We have checked the net realisable value for inventories up to the date of this report on a sample basis and discussed with the management in respect of the adequacy of the allowance made by the management based on assessments of individual market value. We have challenged the assumptions and critical judgements used by the management by assessing the reliability of the management's past estimates, taking into account the subsequent sales status after year end and with reference to market values of inventories.

Recoverability and impairment assessment of loan and interest receivables

Refer to note 24 to the consolidated financial statements and the accounting policies on pages 65 to 68.

The key audit matter

As at 31 March 2021, the Group's loan and interest receivables amounted to approximately HK$409,476,000, net of accumulated impairment losses of approximately HK$37,754,000.

The measurement of expected credit loss ("ECL") requires the application of significant judgement and increased complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECL models (for exposures assessed individually or collectively), such as the expected future cash flows and forward-looking macroeconomic factors.

We consider the impairment assessment of these receivables as a key audit matter due to the significance of these receivables (representing 63% of total assets) and the subjective nature of the calculation because the estimates on which these provisions are based entail a significant degree of management judgement and may be subject to management bias.

How the matter was addressed in our audit

We assessed the reasonableness of the Group's ECL models, including the model input, model design, model performance for significant portfolios. We assessed the reasonableness of the Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis.

We challenged whether historical experience is representative of current circumstances and of the recent losses incurred in the portfolios and assessed the reasonableness of forward-looking adjustments, including the economic variables and assumptions used in each of the economic scenarios and their probability weightings.

We assessed and tested the sensitivity of the credit loss provisions to changes in modelling assumptions.

For a sample of exposures that was subject to an individual impairment assessment, we specifically reviewed the Group's assumptions on the expected future cash flows, including the value of realisable collateral based on available market information.

KEY AUDIT MATTERS *(continued)*

Impairment assessment of intangible assets and goodwill

Refer to notes 19 and 22 to the consolidated financial statements respectively and the accounting policies on pages 55 and 62 respectively.

The key audit matter	How the matter was addressed in our audit
The Group has license (included in intangible assets) of approximately HK$145,606,000 and goodwill of approximately HK$9,028,000 as at 31 March 2021. Impairment losses of approximately HK$28,711,000 were recognised in respect of the license (included in intangible assets) during the year ended 31 March 2021, no impairment loss was recognised in respect of goodwill. The Group's assessment on impairment of the cash-generating units ("CGUs") to which the goodwill or license (included in intangible assets) were allocated is a judgmental process which requires estimates concerning the forecast future cash flows associated with the CGUs, the discount rates and the growth rate of revenue and costs to be applied in determining the recoverable amounts. The selection of valuation model, adoption of key assumptions and input data may be subject to management basis and changes in these assumptions and input to valuation model may result in significant financial impact. The extent of judgment resulted in this matter being identified as a key audit matter.	We have tested the future cash flow forecasts on whether they are agreed to the budgets approved by the board of directors of the Company and compared the budgets with actual results available up to the report date. We have also compared prior year cash flow forecasts with actual results in current year for reliability of management's estimates. We have also challenged the appropriateness of the assumptions, including the growth rates and gross margin, against latest market expectations. We have also challenged the discount rate employed in each calculation of recoverable amounts by reviewing its basis of calculation and comparing its input data to market sources. As any changes in these assumptions and input to valuation model may result in significant financial impact, we have tested sensitivity analysis in relation to the key inputs to the impairment assessment which included changes in growth rate, gross margin and discount rates employed.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for reviewing and providing supervision over the Group's financial reporting process.

AUDITOR'S RESPONSIBILITY 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, solely to you, as a body, in accordance with our agreed terms of 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 judgment and maintain professional skepticism throughout the audit. We also:

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

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- Conclude on the appropriateness of the Company's 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, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Kwan Chi Fung.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Kwan Chi Fung
Practising Certificate Number: P06614

Hong Kong
22 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations			
Revenue	8		
– sales of alcoholic beverages		**51,230**	69,392
– financial services		**–**	10,455
– blockchain services		**–**	30,141
– loan financing service		**55,666**	86,547
		106,896	196,535
Cost of operations			
– cost of alcoholic beverages		**(42,635)**	(59,373)
– cost of blockchain services		**–**	(38,007)
		(42,635)	(97,380)
Other income	9	**6,080**	3,305
Staff costs		**(32,671)**	(69,944)
Depreciation		**(11,796)**	(30,186)
Administrative and other operating expenses		**(16,614)**	(47,233)
Net impairment recognised on loan and interest receivables	12	**(20,144)**	(65,218)
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")	18	**1,798**	1,423
Change in fair value of exchangeable bonds	18	**–**	(11,519)
Change in fair value of derivative financial instruments	34	**42,489**	(5,567)
Change in fair value of crypto-currencies		**–**	(538)
Impairment loss recognised on goodwill	22	**–**	(257,440)
Impairment loss recognised on plant and equipment	17	**–**	(21,760)
Impairment loss recognised on intangible asset	19	**(28,711)**	–
Gain on disposal of subsidiaries	39	**–**	144,205
Finance costs	10	**(51,453)**	(55,481)
Loss before tax		**(46,761)**	(316,798)
Income tax (expense) credit	11	**(4,918)**	4,250
Loss for the year from continuing operations	12	**(51,679)**	(312,548)
Discontinued operations			
Gain (loss) for the year from discontinued operations	37	**731**	(5,734)
Loss for the year		**(50,948)**	(318,282)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	2021 HK$'000	2020 HK$'000 (Restated)
(Loss) profit for the year attributable to owners of the Company			
– from continuing operations		**(35,699)**	(273,188)
– from discontinued operations		**731**	(5,734)
Loss for the year attributable to owners of the Company		**(34,968)**	(278,922)
Loss for the year attributable to non-controlling interests from continuing operations		**(15,980)**	(39,360)
		(50,948)	(318,282)
(Loss) profit per share (HK cents)	16		
From continuing and discontinued operations			
Basic		**(0.64)**	(5.37)
Diluted		**(0.65)**	(5.39)
From continuing operations			
Basic		**(0.65)**	(5.26)
Diluted		**(0.66)**	(5.28)
From discontinued operations			
Basic		**0.01**	(0.11)
Diluted		**0.01**	(0.11)
Loss for the year		**(50,948)**	(318,282)
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising from translation of foreign operations		**25,689**	(21,374)
– Release of translation reserve upon disposal of subsidiaries	39	**–**	(478)
		25,689	(21,852)
Total comprehensive expense for the year		**(25,259)**	(340,134)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		**(21,376)**	(290,028)
– Non-controlling interests		**(3,883)**	(50,106)
		(25,259)	(340,134)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Plant and equipment	17	**2,556**	4,850
Loan receivables	24	**15,091**	10,420
Deposits	25	**1,896**	1,520
Intangible assets	19	**146,886**	180,361
Right-of-use assets	20	**4,599**	14,612
Deferred tax asset	21	**11,620**	19,776
Goodwill	22	**9,028**	9,028
		191,676	240,567
Current assets			
Inventories	23	**20,379**	28,998
Financial assets at FVTPL	18	**–**	41,212
Loan and interest receivables	24	**394,385**	386,834
Trade and other receivables	25	**23,059**	123,609
Amounts due from associates	26	**267**	263
Bank balances and cash	28	**19,657**	42,031
		457,747	622,947
Current liabilities			
Trade and other payables	30	**23,097**	23,148
Lease liabilities	20	**3,576**	10,089
Contract liabilities	29	**15,467**	3,329
Amounts due to shareholders	27	**296**	296
Amount due to a director	27	**–**	164
Amount due to non-controlling shareholders	27	**2**	–
Loan from a director	31	**–**	38,000
Loan from a subsidiary of non-controlling shareholder	31	**105,300**	107,100
Borrowings	32	**49,992**	103,992
Tax payable		**10,791**	24,954
Derivative financial instruments	34	**6,974**	59,205
Promissory notes payables	36	**59,667**	167,920
		275,162	538,197
Net current assets		**182,585**	84,750
Total assets less current liabilities		**374,261**	325,317

As at 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Capital and reserves			
Share capital	35	**6,231**	5,193
Reserves		**4,924**	26,799
Equity attributable to owners of the Company		**11,155**	31,992
Non-controlling interests		**227,937**	165,923
Total equity		**239,092**	197,915
Non-current liabilities			
Deferred tax liability	21	**933**	893
Convertible bonds	33	**133,144**	121,757
Lease liabilities	20	**1,092**	4,752
		135,169	127,402
		374,261	325,317

The consolidated financial statements on pages 42 to 133 were approved and authorised for issue by the board of directors on 22 June 2021 and are signed on its behalf by:

Ji Zuguang
Director

Kuo Kwan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 *(Note a)*	Capital reserve HK$'000 *(Note b)*	Merger reserve HK$'000 *(Note c)*	Share options reserve HK$'000	Convertible bonds – equity conversion reserve HK$'000	Translation reserve HK$'000	Statutory reserve HK$'000 *(Note d)*	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2020	5,193	1,257,060	29,047	(62,029)	(598,127)	29,623	174,782	(21,604)	4,223	(786,176)	31,992	165,923	197,915
Loss for the year	–	–	–	–	–	–	–	–	–	(34,968)	(34,968)	(15,980)	(50,948)
Other comprehensive income for the year:													
– Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	13,592	–	–	13,592	12,097	25,689
Loss for the year and other comprehensive income for the year	–	–	–	–	–	–	–	13,592	–	(34,968)	(21,376)	(3,883)	(25,259)
Recognition of equity-settled share-based payments expenses *(Note 42)*	–	–	–	–	–	(3,219)	–	–	–	–	(3,219)	–	(3,219)
Lapse of share options	–	–	–	–	–	(5,795)	–	–	–	5,795	–	–	–
Lapse of put option *(Note 34(a))*	–	–	–	20,144	–	–	–	–	–	(10,402)	9,742	–	9,742
Deemed disposal of equity interest in a subsidiary *(Note 40)*	–	–	–	(61,947)	–	–	–	–	–	–	(61,947)	65,897	3,950
Issue of shares upon placing of shares *(Note 35)*	1,038	56,082	–	–	–	–	–	–	–	–	57,120	–	57,120
Share issue expenses	–	(1,157)	–	–	–	–	–	–	–	–	(1,157)	–	(1,157)
Appropriation to statutory reserve funds	–	–	–	–	–	–	–	–	128	(128)	–	–	–
At 31 March 2021	6,231	1,311,985	29,047	(103,832)	(598,127)	20,609	174,782	(8,012)	4,351	(825,879)	11,155	227,937	239,092

	Attributable to owners of the Company													
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 *(Note a)*	Capital reserve HK$'000 *(Note b)*	Merger reserve HK$'000 *(Note c)*	Share options reserve HK$'000	Convertible bonds – equity conversion reserve HK$'000	Translation reserve HK$'000	Statutory reserve HK$'000 *(Note d)*	Accumulated losses HK$'000	Total HK$'000	Convertible bonds issued by a subsidiary HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2019	5,193	1,257,060	29,047	(108,128)	(629,167)	30,607	174,782	(10,498)	3,677	(486,052)	266,521	9,230	186,440	462,191
Loss for the year	–	–	–	–	–	–	–	–	–	(278,922)	(278,922)	–	(39,360)	(318,282)
Other comprehensive expense for the year:														
– Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	(10,628)	–	–	(10,628)	–	(10,746)	(21,374)
– Release of translation reserve upon disposal of subsidiaries	–	–	–	–	–	–	–	(478)	–	–	(478)	–	–	(478)
Loss for the year and total comprehensive expense for the year	–	–	–	–	–	–	–	(11,106)	–	(278,922)	(290,028)	–	(50,106)	(340,134)
Recognition of equity-settled share-based payments expenses *(Note 42)*	–	–	–	–	–	7,763	–	–	–	–	7,763	–	–	7,763
Lapse of share options	–	–	–	–	–	(8,747)	–	–	–	8,747	–	–	–	–
Acquisition of additional interest in subsidiaries *(Note 40)*	–	–	–	47,736	–	–	–	–	–	–	47,736	–	(47,736)	–
Disposal of Bartha International Limited ("Bartha International") *(Note 39(ii))*	–	–	–	–	31,040	–	–	–	–	(31,040)	–	(9,230)	(29,836)	(39,066)
Disposal of Madison Future Games Limited ("Future Games") *(Note 39(iii))*	–	–	–	(1,637)	–	–	–	–	–	1,637	–	–	105,692	105,692
Disposal of Novel Idea Holdings Limited ("Novel Idea") *(Note 39(iv))*	–	–	–	–	–	–	–	–	–	–	–	–	1,469	1,469
Appropriation to statutory reserve funds	–	–	–	–	–	–	–	–	546	(546)	–	–	–	–
At 31 March 2020	5,193	1,257,060	29,047	(62,029)	(598,127)	29,623	174,782	(21,604)	4,223	(786,176)	31,992	–	165,923	197,915

Notes:

(a) The other reserve was arisen from the transfer of the entire issued share capital and shareholder loan in Madison Wine (HK) Company Limited to Madison International Wine Company Limited upon the Reorganisation.

(b) The capital reserve was mainly arisen from the changes in ownership interests in subsidiaries without loss of control, common control combination, deemed contribution from a related company and issue of put option amounting to approximately HK$20,144,000 exercisable by non-controlling shareholders.

The capital reserve related to the put option has been transferred to accumulated losses upon lapse of the put option at expiry date during the year ended 31 March 2021.

(c) The merger reserve of the Group arose as a result of the acquisitions of subsidiaries under common control and represented the difference between the consideration paid for the acquisition and the carrying amount of the net asset of the subsidiaries at the date when the Group and the acquired subsidiaries became under common control.

On 18 May 2018, an amount of approximately HK$76,213,000 had been capitalised into the share capital of Bartha International, a then subsidiary which adopt merger accounting for common control combination. As a result, HK$33,363,000 and HK$42,850,000 were recognised in merger reserve and non-controlling interests respectively.

(d) In accordance with the relevant regulations applicable in the People's Republic of China (the "PRC"), companies established in the PRC are required to transfer at least 10% of their statutory annual profits after tax in accordance with the relevant statutory rules and regulations applicable to enterprises in the PRC to the statutory reserve until the balance of the reserve reaches 50% of their respective registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to offset against accumulated losses of the respective PRC companies. The amount of the transfer is subject to the approval of the board of the directors of the respective PRC companies.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000 (Restated)
OPERATING ACTIVITIES		
Loss for the year	**(50,948)**	(318,282)
Adjustments for:		
Income tax expenses (credit)	**4,918**	(4,250)
Bank interest income	**(15)**	(104)
Government grants	**(2,526)**	(1,680)
Depreciation	**11,823**	30,232
Net loss on disposals and written off of plant and equipment	**358**	1,640
Share-based payment expenses	**(3,219)**	7,763
Change in fair value of exchangeable bonds	**–**	11,519
Change in fair value of crypto-currencies	**–**	538
Change in fair value of derivative financial instruments	**(42,489)**	5,567
Impairment loss on intangible asset	**28,711**	–
Impairment loss on goodwill	**–**	257,440
Impairment loss on plant and equipment	**–**	21,760
Net impairment loss on trade receivables	**169**	270
Net impairment loss (reversed) recognised on loan and interest receivables	**(23,793)**	51,089
Written off of loans and interest receivables	**43,937**	14,129
Write-down of inventories	**–**	150
Recoveries on impairment losses on trade receivables previously written off	**–**	(136)
Finance costs	**51,453**	55,481
Gain on disposal of subsidiaries	**(843)**	(144,205)
Gain on disposal of an exchangeable bond	**–**	(377)
Change in fair value of financial assets at FVTPL	**(1,798)**	(1,423)
Operating cash flows before movements in working capital	**15,738**	(12,879)
Decrease in inventories	**7,786**	3,124
(Increase) decrease in loan and interest receivables	**(6,139)**	65,293
(Increase) decrease in trade and other receivables	**(6,932)**	39,134
Increase in trade and other payables	**4,284**	33,078
Increase (decrease) in contract liabilities	**12,148**	(1,982)
Net decrease in financial asset at FVTPL	**485**	28,050
Decrease in bank balances – segregated account	**–**	13,536
Increase in crypto-currencies	**–**	(399)
Cash from operations	**27,370**	166,955
Income tax paid	**(10,204)**	(6,182)
Withholding tax paid	**(678)**	–
NET CASH FROM OPERATING ACTIVITIES	**16,488**	160,773

For the year ended 31 March 2021

	Note	2021 HK$'000	2020 HK$'000 (Restated)
INVESTING ACTIVITIES			
Purchases of plant and equipment		**(44)**	(1,114)
(Advance to) repayment from associates		**(4)**	2,603
Receipt of consideration receivables		**92,139**	–
Proceeds from unlisted promissory note receivable		**42,525**	–
Net cash inflow (outflow) on disposal of subsidiaries	39	**428**	(34,137)
Bank interest received		**15**	104
Repayment from a non-controlling shareholder		**–**	2,000
Repayment from a shareholder		**–**	11
Repayment from ultimate holding company		**–**	25
Repayment from immediate holding company		**–**	37
Repayment from related companies		**–**	349
Proceeds from disposal of property, plant and equipment		**–**	685
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**135,059**	(29,437)
FINANCING ACTIVITIES			
Proceed on issue of shares upon placing		**57,120**	–
Capital contribution from non-controlling interests of a subsidiary		**3,950**	–
Government grant received		**2,526**	1,404
Advance from (repayment to) non-controlling shareholders		**2**	(707)
Repayment of promissory notes		**(119,525)**	–
Repayment of borrowings		**(54,000)**	(200,024)
Repayment of loan from a director		**(38,000)**	–
Interest paid		**(17,432)**	(31,780)
Repayment of lease liabilities		**(10,226)**	(12,065)
Transaction cost in connection with the issue of shares upon placing		**(1,157)**	–
Repayment to a director		**(164)**	(917)
New borrowings raised		**–**	110,000
Repayment to associates		**–**	(2,832)
Advance from a shareholder		**–**	296
Advance from related companies		**–**	787
NET CASH USED IN FINANCING ACTIVITIES		**(176,906)**	(135,838)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(25,359)**	(4,502)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**42,031**	48,436
Effect of changes in exchange rate		**2,985**	(1,903)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**19,657**	42,031

1. GENERAL

Madison Holdings Group Limited (the "Company") was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 15 April 2015 and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 October 2015. Royal Spectrum Holding Company Limited ("Royal Spectrum"), which is a company incorporated in the Republic of Seychelles and is directly interested in approximately 31.58% of the issued share capital of the Company as at 31 March 2021, and Mr Ting Pang Wan Raymond, which is interested in approximately 42.19% of the issued share capital of the Company as at 31 March 2021 and has control over Royal Spectrum, are controlling shareholders of the Company. The addresses of the registered office and the principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The Company is an investment holding company. Its major operating subsidiaries are mainly engaged in sales of alcoholic beverages, the provision of financial services, the provision of blockchain services and the provision of loan financing services. During the year ended 31 March 2021, the Group discontinued its wine auction business upon disposal of a subsidiary as details in notes 37 and 39(i). Accordingly, the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2020 has been re-presented.

The functional currency of the Company and the subsidiaries incorporated in Hong Kong are Hong Kong dollars ("HK$") while that of the subsidiaries established in the People's Republic of China (the "PRC") are Renminbi ("RMB"). For the purpose of presenting the financial statements, the Company and its subsidiaries (hereinafter collectively referred to as the "Group") adopted HK$ as its presentation currency which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021, the Group incurred a net loss from continuing operations of approximately HK$51,679,000. In addition, at 31 March 2021, the Group had bank balances and cash amounted to approximately HK$19,657,000, while its loan from a subsidiary of non-controlling shareholder, borrowings and promissory notes payables totaling amounted to approximately HK$214,959,000 which will be matured within the coming twelve months from 31 March 2021. The Group's ability to meet these liquidity requirements depends on its ability to generate sufficient net cash inflows from future operations and/or other sources. These facts and circumstances indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group in assessing whether the Group will have sufficient financial resources to continue as a going concern. Taking into account the Group's cash flow projection, including:

– A subsidiary of non-controlling shareholder and holder of promissory notes have agreed not to demand for repayment of the balances in aggregate of approximately HK$164,967,000 due from the Group until such time the Group has the financial ability to repay without impairing its liquidity position;

– Implementing various strategies to improve the cash flow status, such as managing the loan receivable portfolio and various investments; and

– Putting extra efforts on the collection of trade debtors to improve the debtors turnover days.

The directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for its first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards ("HKFRSs") and the following amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and interpretations, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 June 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 January 2022
4 Effective for annual periods beginning on or after 1 January 2023
5 Effective for annual periods beginning on or after a date to be determined
6 Effective for annual periods beginning on or after 1 April 2021

The directors of the Company anticipate that, the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value-in-use in HKAS 36.

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

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

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; (iv) any additional facts and circumstances that indicate that the Group has the current ability to direct the relevant activities at the time that decision need to be made, including voting patterns at previous shareholdings' meeting; or (v) a combination of the above, based on all relevant facts and circumstances.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of subsidiaries, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiaries at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiaries and convertible bonds issued by the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiaries at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in associates or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations

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

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

- deferred tax assets or liabilities arising from the assets acquired and liabilities assumed in the business combination are recognised and measured in accordance with HKAS 12 *Income Taxes*;
- assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with HKAS 19 *Employee Benefits*;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are measured at the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

After application of the equity method, including recognising the associate's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the associate. Goodwill that forms part of the carrying amount of an investment in an associate is not separately recognised. The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment in the associate. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

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

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

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

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

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

The Group recognised revenue from the following major sources:

- Sales of alcoholic beverages
- Provision of wine auction services
- Commission from dealing in securities, futures and options contracts
- Commission from underwriting and placing services
- Provision of corporate finance and advisory services
- Provision of loan referral services
- Provision of high performance computing services

Revenue from sales of alcoholic beverages is recognised when goods are transferred to and accepted by the customers, which is the point of time the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the products.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Auction service revenue is recognised at a point in time when the Company transfers the promised auction services to the customers upon the fall of hammer in auctions. Auction services revenue includes buyer's and seller's commission, which are based on a percentage of hammer price of the auction sales.

Commission and brokerage income is recognised at a point in time when the trading transaction is executed, with reference to the trading transaction volume and the commission rate applicable.

Underwriting and placing are at a point in time with reference to the detailed terms of transactions as stipulated in the contracts entered into with its customers and counterparties.

Financial advisory fee from corporate finance and advisory services is recognised over the service period based on services provided as the customer simultaneously receives and consumes the services provided by the Group over the period in accordance with relevant terms of the agreement. Payment of the transaction is due immediately when the services are rendered to the customers. The Group has the primary responsibility for providing the services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the services ordered by the customer.

Loan referral services income is recognised at a point in time when the service for the transaction are completed under the terms of each engagement and the revenue can be measured reliable as only that time the Group has a present right to payment for services performed.

High performance computing services income is recognised over the service period based on services provided as the customer simultaneously receives and consumes the services provided by the Group over the period in accordance with relevant terms of the agreement. Payment of the transaction is due immediately when the services are rendered to the customers. The Group has the primary responsibility for providing the services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the services ordered by the customer.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

Leasing

Definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing *(continued)*

The Group as lessee *(continued)*

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

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

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 “Provision, Contingent Liabilities and Contingent Assets”. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing *(continued)*

The Group as lessee *(continued)*

Right-of-use assets *(continued)*

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position. The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Allocation of consideration to components of a contract

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

As a practical expedient, HKFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient for all leases.

Lease modification

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

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

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss.

Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as "deferred income" in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Employee benefits

Retirement benefit cost

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") and state-managed retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

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

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Plant and equipment

Plant and equipment held for use in the supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on plant and equipment, right-of-use assets and intangible assets below).

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

Impairment on plant and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment on plant and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) *(continued)*

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

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)
The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at amortised cost (debt instruments) *(continued)*

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit impaired financial assets, the Group recognises interest income by applying the credit adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognised in profit or loss and is included in the "interest income" (note 8) and "other income" (note 9).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at FVTPL

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

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is disclosed separately in profit or loss. Fair value is determined in the manner described in note 7.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets *(continued)*

Significant increase in credit risk

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

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

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

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "Normal". "Normal" means that the counterparty has a strong financial position and there is no past due amounts.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets *(continued)*

Definition of default

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

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

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

Credit-impaired financial assets

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

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

Write-off policy

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

Measurement and recognition of ECL

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

The ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets *(continued)*

Measurement and recognition of ECL *(continued)*

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities *(continued)*

Financial liabilities at FVTPL *(continued)*
A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "change in fair value of derivative financial instrument".

Financial liabilities subsequently measured at amortised cost
Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

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

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

Convertible bonds
Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity ("convertible bonds – equity conversion reserve" or "convertible bonds issued by a subsidiary").

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities *(continued)*

Convertible bonds *(continued)*

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in "convertible bonds – equity conversion reserve" until the embedded option is exercised, in which case the balance stated in "convertible bonds – equity conversion reserve" will be transferred to share capital. Where the option remains unexercised at the expiry date, the balance stated in "convertible bonds – equity conversion reserve" will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bond are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bond using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The potential cash payments related to put options issued by the Group over the equity of a subsidiary are accounted for as liabilities. The amount that may become payable under the option on exercise is initially recognised at the present value of redemption amount as a written put option liability with a corresponding charge directly to equity.

Written put option liability is subsequently re-measured as a result of the change in the expected performance at each end of the reporting period, with any resulting gain or loss recognised in profit or loss. In the event that the option expires unexercised, the written put option liability is derecognised with a corresponding adjustment to equity.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions of the Company

Share options granted to directors/employees

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited, lapsed or cancelled after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses/retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payment transactions *(continued)*

Equity-settled share-based payment transactions of the Company *(continued)*

Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless the fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Going concern and liquidity

The assessment of the going concern assumptions involves making judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. Please refer to note 2 in relation to the going concern assumptions adopted by the directors of the Company.

Allowance for inventories

The management of the Group reviews the ageing of the inventories at the end of the reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer saleable in the market. The identification of obsolete inventories requires the use of estimation of the net realisable value of items of inventories and judgements on the conditions of items of inventories. Where the expected net realisable value is lower than the cost of certain items, a write-down of inventories may arise. As at 31 March 2021, the carrying amount of inventories was approximately HK$20,379,000 (2020: HK$28,998,000). No impairment allowance for inventories was recognised as at 31 March 2021 (2020: HK$150,000).

Loss allowance of loan and interest receivables

The loss allowance for loan and interest receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. As at 31 March 2021, the carrying amounts of loan and interest receivables were approximately HK$409,476,000 (2020: HK$397,254,000), net of accumulated impairment losses of loan and interest receivables of approximately HK$37,754,000 (2020: HK$81,168,000).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Loss allowance of loan and interest receivables *(continued)*

Loan receivables mainly include financing advances provided to customers which are mainly secured by real estates and other collaterals. Apart from assessing the financial positions of customers, the management further reviews value of the pledged real estates and other collaterals by reference to recent market transactions in comparable properties or fair values determined by the directors of the Company. If the market value of secured real estates and other collaterals is deteriorated and is below the carrying amount of the corresponding financing advances, provision on impairment may be required.

Impairment of intangible assets

The management of the Group determines whether the intangible assets are impaired (see the accounting policy regarding impairment on plant and equipment, right-of-use assets and intangible assets other than goodwill). The impairment loss for intangible assets is recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of intangible assets are determined based on the higher of value-in-use and fair value less cost of disposal. These calculations require the use of estimates such as the future revenue and/or discount rates. As at 31 March 2021, the carrying amounts of intangible assets are approximately HK$146,886,000 (2020: HK$180,361,000). Impairment loss of approximately HK$28,711,000 was recognised during the year ended 31 March 2021 (2020: nil).

Useful lives of intangible assets

The license is an intangible asset acquired from third parties with indefinite useful life. The license allows the Group to conduct the sale and purchase of bitcoin and Japanese Yen through ATMs.

The club membership is an intangible asset acquired from third parties with indefinite useful life.

The Group's licenses and club membership are classified as indefinite-lived intangible assets in accordance with HKAS 38 "Intangible Assets". This conclusion is supported by the fact that there were no specific terms for the rights and the directors of the Company expected that the business underlying the rights can be operated perpetually. Under HKAS 38, the Group re-evaluates the useful lives of the licences at the end of each reporting period to determine whether events and circumstances continue to support the view of indefinite useful life for the assets. As at 31 March 2021, the carrying amount of club membership and license of the Group are approximately HK$1,280,000 and HK$145,606,000 (2020: HK$1,280,000 and HK$179,081,000) respectively.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the CGU to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2021, the carrying amount of goodwill was approximately HK$9,028,000 (2020: HK$9,028,000), net of accumulated impairment loss of HK$3,817,000 (2020: HK$3,817,000) as detailed in note 22. During the year ended 31 March 2021, no impairment loss of goodwill (2020: HK$257,440,000) was recognised.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The directors of the Company are responsible in determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The directors of the Company work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The directors of the Company regularly assess the impact and the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments, including unlisted promissory note receivable, unlisted exchangeable bonds, put option of non-controlling interest and put option to the promissory note holder. Note 7 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

Income taxes and deferred taxes

The Group is subject to income taxes in Hong Kong and Mainland China. Deferred tax asset has been recognised on deductible temporary differences as disclosed in note 21. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a reversal of deferred tax assets may arise, which would be recognised in profit or loss for period in which such a reversal takes place.

6. CAPITAL RISK 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 from prior year.

The capital structure of the Group consists of net debt, which includes cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and issue of new debt.

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets at FVTPL	–	41,212
Financial assets at amortised cost (including cash and cash equivalents)	443,001	553,712
	443,001	594,924
Financial liabilities		
Financial liabilities at FVTPL		
– Derivative financial instrument	6,974	59,205
At amortised cost	371,498	562,377
	378,472	621,582

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, loan and interest receivables, deposits, trade and other receivables, amounts due from associates, bank balances and cash, trade and other payables, amounts due to shareholders, amount due to non-controlling shareholders, amount due to a director, loan from a director, loan from a subsidiary of non-controlling shareholder, borrowings, convertible bonds, derivative financial instruments and promissory notes payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

Certain loan and interest receivables are denominated in JPY, certain bank balances are denominated in RMB, HK$ and US$, certain trade payable are denominated in US$, EUR and GBP, and certain borrowings are denominated in JPY, which are currencies other than the functional currency of the relevant group entities.

7. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

(i) Currency risk *(continued)*

The carrying amounts of the Group's monetary assets and liabilities that are denominated in currencies other than the functional currency of relevant group entities at the end of the reporting period are as follows:

	2021		2020	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
RMB	**11**	**–**	106	–
United States dollar ("US$")	**1,803**	**812**	54	368
Euro ("EUR")	**–**	**58**	4,505	841
Great British Pound ("GBP")	**113**	**–**	603	65
Japanese yen ("JPY")	**–**	**107,406**	44,384	109,236

Sensitivity analysis

As HK$ is pegged to US$, the Group does not expect any significant movements in the US$/HK$ exchanges rate. In the opinion of the directors of the Company, the foreign currency sensitivity analysis does not give additional value in view of insignificant movement in the US$/HK$ exchange rate.

No sensitivity analysis is presented for RMB, EUR and GBP as in the opinion of the directors of the Company, the expected change in foreign exchange rates of these currencies will not have significant impact on the loss during the years ended 31 March 2021 and 2020.

If a 5% increase/decrease in JPY against the HK$ and all other variables were held constant, the Group's loss after tax for the year would increase/decrease by approximately HK$4,484,000 (2020: decrease/ increase by HK$2,707,000). 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. The sensitivity analysis includes cash and cash equivalents where the denomination is JPY other than the functional currency.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivables, other borrowings, loan from a director, loan from a subsidiary of non-controlling shareholder, promissory notes receivable and payables and convertible bonds. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. To mitigate the impact of interest rate fluctuations, the Group assesses and monitors the exposure to interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the prevailing market rates on bank balances.

7. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

(ii) Interest rate risk *(continued)*

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of reporting period. The analysis is prepared assuming the amount of assets and liabilities outstanding at the end of reporting period was outstanding for the whole year. A 10 basis point (2020: 10 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 basis point (2020: 10 basis point) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2021 would decrease/increase by approximately HK$14,000 (2020: HK$30,000). This is mainly attributable to the Group's exposure to cash flow interest rate risk on its variable rate bank balances.

Credit risk

As at the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to trade and other receivables, and loan and interest receivables. Management has a credit policy in place and the exposures to the credit risk are monitored on an on-going basis.

In respect of loan and interest receivables, representing financing advances to customers under the Group's loan financing business, individual credit evaluations are performed. These evaluations focus on the customer's financial background and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

As at 31 March 2021, 25% (2020: 26%) of all financing advances given out are backed by real estates and motor vehicles situated in Chongqing, the PRC as a security. The Group also verified legal ownership and the valuation of the collaterals. An advance given out is based on the value of collaterals and is generally less than the estimated value of the collaterals. The Group closely monitors the ownership and value of the collaterals throughout the loan period. Advances to customers are due by the date as specified in the corresponding loan agreements.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 March 2021, 8% (2020: 10%) of the total loan receivables was due from the Group's largest debtor.

The maximum exposure to credit risk without taking account of the collateral held is represented by the carrying amount of loan receivables as at the end of the reporting period. The Group does not provide any guarantees which would expose the Group to credit risk.

The credit risk for bank balances is considered minimal as such amounts are placed with banks with high credit ratings assigned by international credit-rating agencies.

7. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on an individual basis for customer with significant balances and/or collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-trade related receivables, considerations receivables and amount due from associates, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group's concentration of credit risk by geographical location for trade receivables is mainly in Hong Kong and in the PRC, which accounted for 100% and nil (2020: 57% and 32%) of the total trade receivables as at 31 March 2021 respectively.

The Group's concentration of credit risk of loan receivables by geographical location is mainly in the PRC, which accounted for 88% (2020: 75%) of the total loan receivables as at 31 March 2021.

With respect to credit risk arising from trade receivables the Group has limited concentration of credit risk as it has a large number of customers in sales of alcoholic beverage and auction business segment.

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

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant increase in credit risk on other financial instruments of the debtor
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor

7. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

The Group's exposure to credit risk

In order to minimise the credit risk, the management of the Group has delegated a team responsible to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the operation management committee uses other publicly available financial information and reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.
- significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category (Grading)	Description	Basis of recognising ECL
Normal	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Special mention	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Substandard Doubtful Loss	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from loan and interest receivables, trade and other receivables are set out in notes 24 and 25 respectively.

At 31 March 2020, the carrying amount of the Group's financial assets at FVTPL as disclosed in note 18 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

7. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The directors of the Company have given careful consideration on the measures currently undertaken in respect of the Group's liquidity position. As disclosed in note 2, the directors of the Company believe that the Company will have sufficient working capital to meet its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the consolidated financial statements have been prepared on a going concern basis.

The following table details the Group's remaining contractual maturity for its non-derivative and derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity tables

	On demand or Within one year HK$'000	More than 1 year and less than 2 years HK$'000	More than 2 years and less than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2021					
Non-derivative financial liabilities					
Trade and other payables	23,097	–	–	23,097	23,097
Amount due to shareholders	296	–	–	296	296
Amounts due to non-controlling shareholders	2	–	–	2	2
Loan from a subsidiary of non-controlling shareholder	106,353	–	–	106,353	105,300
Borrowings	49,992	–	–	49,992	49,992
Convertible bonds	–	150,000	–	150,000	133,144
Promissory notes payables	65,595	–	–	65,595	59,667
	245,335	150,000	–	395,335	371,498
Derivatives					
Derivative financial instrument	–	–	–	–	6,974
Lease liability	3,777	1,139	–	4,916	4,668

7. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

Liquidity tables *(continued)*

	On demand or within one year HK$'000	More than 1 year and less than 2 years HK$'000	More than 2 years and less than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2020					
Non-derivative financial liabilities					
Trade and other payables	23,148	–	–	23,148	23,148
Amount due to shareholders	296	–	–	296	296
Amount due to a director	164	–	–	164	164
Loan from a director	38,000	–	–	38,000	38,000
Loan from a subsidiary of non-controlling shareholder	107,100	–	–	107,100	107,100
Borrowings	113,240	–	–	113,240	103,992
Convertible bonds	–	–	150,000	150,000	121,757
Promissory notes payables	167,920	–	–	167,920	167,920
	449,868	–	150,000	599,868	562,377
Derivatives					
Derivative financial instrument	11,756	–	–	11,756	59,205
Lease liability	10,815	4,990	–	15,805	14,841

Borrowings and loan from a director with a repayment on demand clause are included in the "on demand or within 1 year" time band in the above maturity analysis. At 31 March 2021, the aggregate undiscounted principal amounts of these borrowings and loan from a director amounted to approximately HK$49,992,000 and nil (2020: HK$4,000,000 and HK$38,000,000), respectively.

Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the lenders will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that these borrowings and loan from a director will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows of other borrowings and loan from a director will amount to approximately HK$53,937,000 and nil (2020: HK$$4,211,000 and HK$42,117,000).

7. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value measurements of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The level in the fair value hierarchy within which the financial asset (liability) is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement. The financial assets (liabilities) of the Group at fair value in the consolidated statement of financial position are grouped into fair value hierarchy as follows:

	Fair value as at					
	2021 HK$'000	2020 HK$'000	**Fair value hierarchy**	**Valuation technique and key inputs**	**Significant unobservable inputs**	**Relationship of key inputs and significant unobservable inputs to fair value**
Financial assets at FVTPL – unlisted promissory note receivable	**–**	41,212	Level 3	Discounted cash flow model based on discount rate and future cash flow	Discount rate of 8.0%	The higher the discount rate, the lower the value *(note i)*
Derivative financial instrument – put option to non-controlling interests	**–**	9,742	Level 3	Monte Carlo simulation Model based on risk free rate, volatilities, share prices and equity value	Volatility of the Company, volatility and equity value of CVP Capital Limited ("CVP Capital") of 31.29%, 49.71% and HK$1,977,000 respectively	The higher volatility of the Company, the higher the value *(note ii)*. The higher volatility of CVP Capital, the higher the value *(note ii)*. The higher equity value of CVP Capital, the lower the value *(note ii)*.
– put option to the promissory note holder	**6,974**	49,463	Level 3	Swaption Model	Discount rate of 11.97% (2020: 16.88%)	The higher the discount rate, the lower the value *(note iii)*

Notes:

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, the impact of changes in unobservable inputs are detailed as follows:

(i) If the discount rate to the valuation model were 10 basis point higher/lower while all the other variables were held constant, the carrying amount of the promissory note receivable as at 31 March 2020 would decrease/increase by approximately HK$16,000.

(ii) If these unobservable inputs including volatility of the Company, volatility and equity value in CVP Capital to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the put option to non-controlling interests would have no significant changes.

(iii) If the discount rate to the valuation model were 10 basis point higher/lower while all the other variables were held constant, the carrying amount of the put option to the promissory note holder would decrease by approximately HK$52,000 (2020: HK$231,000) and increase by approximately HK$52,000 (2020: HK$232,000) respectively.

7. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value measurements of financial instruments *(continued)*

Reconciliation of Level 3 fair value measurements of financial assets (liabilities) on recurring basis:

	Unlisted promissory note HK$'000	Unlisted Exchangeable Bonds HK$'000	Put option to non-controlling interests HK$'000	Put option to the promissory note holder HK$'000	Total HK$'000
At 1 April 2019	–	78,142	(9,463)	(44,175)	24,504
Disposal of subsidiaries *(note 39(iv))*	40,500	–	–	–	40,500
Loss on fair value changes	712	(11,519)	(279)	(5,288)	(16,374)
Disposal during the year	–	(66,623)	–	–	(66,623)
At 31 March 2020	41,212	–	(9,742)	(49,463)	(17,993)
Gain on fair value changes	1,313	–	–	42,489	43,802
Lapsed during the year	–	–	9,742	–	9,742
Derecognised during the year	(42,525)	–	–	–	(42,525)
At 31 March 2021	–	–	–	(6,974)	(6,974)

During the year ended 31 March 2021, included in the gain on fair value changes is gain of approximately HK$10,553,000 (2020: loss of approximately HK$4,855,000) attributable to the change in unrealised gains or losses relating to financial instruments held at the end of the reporting period.

During the year, there were no transfers between levels of fair value hierarchy.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost using the effective interest rate method in the consolidated financial statements approximate their fair values due to their immediate or short-term maturities.

8. REVENUE AND SEGMENT INFORMATION

Revenue

The principal activities of the Group are sales of alcoholic beverages, the provision of financial services, the provision of blockchain services, and the provision of loan financing services. An analysis of revenue for the year from continuing operations is as follows:

	2021 HK$'000	2020 HK$'000 (Restated)
Revenue from contracts with customers		
Disaggregated of revenue by major products or services lines		
Financial services segment		
– Financial consultancy service income	–	3,172
– Securities and futures dealing service income	–	1,450
Sales of alcoholic beverages segment		
– Sales of alcoholic beverages income	51,230	69,392
Loan financing services segment		
– Loan referral services income	9,222	6,737
Total revenue from contracts with customers	60,452	80,751
Revenue from other sources		
Financial services segment		
– Interest income – Margin clients	–	5,833
Loan financing segment		
– Interest income – Real estate-backed loans	–	2,059
– Interest income – Micro loans	34,102	42,642
– Interest income – Other loans	12,342	35,109
Blockchain service segment		
– Blockchain services income	–	30,141
	46,444	115,784
Total revenue	106,896	196,535

Disaggregation of revenue by timing of recognition

	2021 HK$'000	2020 HK$'000 (Restated)
Timing of revenue recognition		
At a point in time	60,452	77,579
Over time	–	3,172
Total revenue from contracts with customers	60,452	80,751

8. REVENUE AND SEGMENT INFORMATION *(continued)*

Revenue *(continued)*

Transaction price allocated to the remaining performance obligations

All sales contracts are with an original expected duration of one year or less or contracts for which revenue is recognised at the amount to which that Group has the right to invoice for the performance performed. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period.

Segment Information

Information has been reported to the chief operating decision maker ("CODM") (i.e. the executive directors), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. Sales of alcoholic beverages – retail sales and wholesales of wine products and other alcoholic beverages

2. Financial services – provision of financial consultancy service and securities and futures dealing services

3. Blockchain services – provision of transaction verification and high performance computing services

4. Loan financing services – provision of loan financing and loan referral services

Operating segments regarding auction was discontinued upon disposal in the current year as disclosed in note 39(i). The segment information for the year ended 31 March 2020 has been re-presented and does not include any amounts for these discontinued operations, which are described in more detail in note 37.

8. REVENUE AND SEGMENT INFORMATION *(continued)*

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segments.

	2021 **HK$'000**	2020 HK$'000 (Restated)
Revenue		
Sales of alcoholic beverages	**51,230**	69,392
Financial services	**–**	10,455
Blockchain services	**–**	30,141
Loan financing services	**55,666**	86,547
	106,896	196,535
Segment (loss) profit		
Sales of alcoholic beverages	**(8,326)**	(13,899)
Financial services	**(2,958)**	(7,127)
Blockchain services	**(33,626)**	(63,382)
Loan financing services	**9,805**	(5,213)
Segment loss	**(35,105)**	(89,621)
Unallocated income	**49,225**	146,275
Unallocated expenses	**(9,428)**	(317,971)
Finance costs	**(51,453)**	(55,481)
Loss before tax	**(46,761)**	(316,798)

Segment (loss) profit represents the (loss) profit from each segment without allocation of central administration costs, directors' salaries and certain other income, changes in fair value of financial assets at FVTPL, exchangeable bonds and derivative financial instrument, impairment loss recognised on goodwill, gain on disposal of subsidiaries and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

8. REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Segment assets and liabilities

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

Segment assets

	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations		
Sales of alcoholic beverages	**36,283**	47,217
Financial services	**38**	1,464
Blockchain services	**146,789**	222,785
Loan financing services	**432,847**	420,187
Total segment assets	**615,957**	691,653
Assets relating to discontinued operation	**–**	1,963
Unallocated assets	**33,466**	169,898
Consolidated total assets	**649,423**	863,514

Segment liabilities

	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations		
Sales of alcoholic beverages	**19,109**	14,213
Financial services	**125**	171
Blockchain services	**738**	813
Loan financing services	**18,744**	16,182
Total segment liabilities	**38,716**	31,379
Liabilities relating to discontinued operations	**–**	2,776
Unallocated liabilities	**371,615**	631,444
Consolidated total liabilities	**410,331**	665,599

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

- all assets are allocated to operating segments other than financial assets at FVTPL, deferred tax asset, amounts due from associates, bank balances and cash and certain unallocated head office assets; and
- all liabilities are allocated to operating segments other than amounts due to shareholders/a director/ non-controlling shareholders, loan from a director, loan from a subsidiary of non-controlling shareholder, borrowings, tax payable, deferred tax liability, derivative financial instruments, convertible bonds, promissory notes payables.

8. REVENUE AND SEGMENT INFORMATION *(continued)*

(c) Other segment information

For the year ended 31 March 2021

	Sale of alcoholic beverages HK$'000	Financial services HK$'000	Blockchain services HK$'000	Loan financing services HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(Note)*	35	–	299	9	–	343
Depreciation	5,751	29	123	5,820	73	11,796
Net impairment loss recognised on trade receivables	169	–	–	–	–	169
Net reversal of impairment loss recognised on loan and interest receivables	–	–	–	(23,793)	–	(23,793)
Written off of loans and interest receivables	–	–	–	43,937	–	43,937
Impairment loss recognised on intangible asset	–	–	28,711	–	–	28,711
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Bank interest income	–	–	–	–	15	15
Finance costs	–	–	–	–	51,453	51,453
Income tax expense	776	27	–	4,115	–	4,918

8. REVENUE AND SEGMENT INFORMATION *(continued)*

(c) Other segment information *(continued)*

For the year ended 31 March 2020

	Sale of alcoholic beverages HK$'000	Financial services HK$'000	Blockchain services HK$'000	Loan financing services HK$'000	Unallocated HK$'000	Total HK$'000 (Restated)
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(Note)*	7,473	–	207	13,581	–	21,261
Depreciation	7,695	2,433	14,218	5,781	59	30,186
Recoveries on impairment loss on trade receivables previously written off	(136)	–	–	–	–	(136)
Net impairment loss recognised on trade receivables	–	270	–	–	–	270
Net impairment loss recognised on loan and interest receivables	–	–	–	51,089	–	51,089
Written off of loans and interest receivables	–	–	–	14,129	–	14,129
Change in fair value of crypto-currencies	–	–	538	–	–	538
Impairment loss recognised on plant and equipment	–	–	21,760	–	–	21,760
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Bank interest income	–	–	–	–	103	103
Impairment loss recognised on goodwill	–	–	–	–	257,440	257,440
Finance costs	–	–	–	–	55,481	55,481
Income tax expense (credit)	–	128	–	(4,378)	–	(4,250)

Note: Non-current assets excluded financial instruments and deferred tax assets.

(d) Geographical information

Information about the Group's revenue from external customers is presented based on the location of operations. Information about the Group's non-current assets other than financial instruments, deferred tax assets, deposits and loan receivables, is presented based on the geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	For the year ended 31 March		**As at 31 March**	
	2021 HK$'000	2020 HK$'000 (Restated)	**2021 HK$'000**	2020 HK$'000 (Restated)
PRC	**55,666**	51,438	**2,235**	3,430
Hong Kong	**51,230**	114,956	**14,587**	25,523
Europe	**–**	30,141	**–**	–
Japan	**–**	–	**146,247**	179,898
	106,896	196,535	**163,069**	208,851

8. REVENUE AND SEGMENT INFORMATION *(continued)*

(e) Information about major customers

During the years ended 31 March 2021 and 2020, there is no customer contributing over 10% of the total revenue of the Group.

9. OTHER INCOME

	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations		
Bank interest income	**15**	103
Consignment income	**1,951**	292
Net exchange gain	**674**	49
Recoveries on impaired losses on trade receivables previously written off	**–**	136
Government grants *(Note)*	**2,364**	1,680
Gain on disposal of an exchangeable bond	**–**	377
Others	**1,076**	668
	6,080	3,305

Note:

The government grants recognised from continuing operations and discontinuing operations during the year ended 31 March 2021 of approximately HK$2,364,000 and HK$162,000 respectively (2020: approximately HK$1,680,000 and HK$ nil) represented government grants received for which there are no unfulfilled conditions and other contingencies attaching to these government assistances.

10. FINANCE COSTS

	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations		
Interest expense on:		
– convertible bonds	**11,387**	13,642
– promissory note	**25,272**	14,616
– other borrowings	**9,477**	19,233
– loan from a director	**2,789**	3,800
– loan from a subsidiary of non-controlling shareholder	**2,196**	3,226
– lease liabilities	**332**	964
	51,453	55,481

11. INCOME TAX EXPENSE (CREDIT)

	2021	2020
	HK$'000	HK$'000
		(Restated)
Continuing operations		
Current tax:		
Hong Kong Profits Tax	**–**	3,474
PRC Enterprise Income Tax ("EIT")	**159**	4,654
	159	8,128
Overprovision in prior year:		
Hong Kong Profits Tax	**(214)**	–
PRC Enterprise Income Tax ("EIT")	**(5,092)**	–
	(5,306)	–
Deferred taxation *(Note 21)*	**9,387**	(12,378)
Withholding tax on undistributed profits	**678**	–
	4,918	(4,250)

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits during both years.

Hong Kong profits tax is charged under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the year ended 31 March 2021 and 2020, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the tax rate of 16.5%.

Tax exemptions represented reduction of Hong Kong Profits Tax for the year of assessment of 2020/2021, subject to a ceiling of HK$10,000 (2019/2020: HK$20,000).

Profits of the subsidiaries established in the PRC are subject to PRC EIT during both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory EIT tax rate of the PRC subsidiaries is 25% for both years. Further 10% withholding income tax is generally imposed on dividends relating to profits.

No provision for Gibraltar Corporate Tax and Sweden Income Tax have been made as the Group did not have any assessable profits subject to Gibraltar Corporate Tax and Sweden Income Tax respectively for the year ended 31 March 2020.

11. INCOME TAX EXPENSE (CREDIT) *(continued)*

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

	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations		
Loss before tax	**(46,761)**	(316,798)
National tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	**(9,879)**	(53,689)
Tax effect of income not taxable for tax purpose	**(8,415)**	(24,768)
Tax effect of expenses not deductible for tax purpose	**26,161**	72,735
Utilisation of tax losses previously not recognised	**(3,000)**	–
Tax effect of tax losses not recognised	**3,749**	1,554
Deductible temporary difference not recognised	**878**	34
Effect of tax exemptions granted	**–**	(40)
Effect of two-tiered profits tax rates regime	**–**	(165)
Over provision in prior year	**(5,306)**	–
Withholding tax on undistributed profits	**730**	89
Income tax expense (credit) for the year	**4,918**	(4,250)

12. LOSS FOR THE YEAR

	2021 HK$'000	2020 HK$'000 (Restated)
Continuing operations		
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments *(Note 13)*	**5,137**	10,633
Reversal of equity-settled share-based payment expense	**(2,464)**	–
Salaries, allowances and other benefits	**29,919**	42,259
Sales commission	**291**	176
Contributions to retirement benefits scheme	**1,606**	2,226
Equity-settled share-based payment expenses – employees	**3,186**	4,088
Reversal of equity-settled share-based payment expense	**(5,004)**	–
Total staff costs	**32,671**	59,382
Net impairment loss (reversed) recognised on loan and interest receivables	**(23,793)**	51,089
Written off of loans and interest receivables	**43,937**	14,129
Net impairment recognised on loan and interest receivables	**20,144**	65,218
Auditor's remuneration[2]	**1,210**	1,200
Cost of inventories recognised as expense[1]	**40,976**	55,450
Equity-settled share-based payment expenses – consultants[2]	**167**	830
Net loss on disposals and written off of plant and equipment[2]	**358**	1,640
Net impairment loss recognised on trade receivables[2]	**169**	270

1 Amounts included in cost of operations

2 Amounts included in administrative and other operating expenses

13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of directors were as follows:

Year ended 31 March 2021

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Share-based payments HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and/or its subsidiary undertakings					
Executive directors					
Mr. Chen Ying-chieh *(Note i)*	–	–	–	–	–
Mr. Hankoo Kim *(Note ii)*	–	–	–	–	–
Ms. Kuo Kwan	–	1,690	728	36	2,454
Mr. Zhang Li *(Note iv)*	–	784	56	18	858
Emoluments paid or receivable in respect of a person's services as a director of the Company and/or its subsidiary undertaking:					
Non-executive directors					
Mr. Ip Cho Yin, *J.P.*	180	–	56	–	236
Mr. Ji Zuguang *(Note vii)*	–	975	56	18	1,049
Independent non-executive directors					
Ms. Fan Wei	180	–	–	–	180
Mr. Chu Kin Wang Peleus	180	–	–	–	180
Dr. Lau Reimer, Mary Jean *(Note viii)*	180	–	–	–	180
	720	3,449	896	72	5,137

13. DIRECTORS' EMOLUMENTS *(continued)*

Year ended 31 March 2020

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Share-based payments HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and/or its subsidiary undertakings					
Executive directors					
Mr. Chen Ying-chieh *(Note i)*	–	440	1,232	–	1,672
Mr. Hankoo Kim *(Note ii)*	–	308	1,232	–	1,540
Mr. Zhu Qin *(Note iii)*	–	912	–	12	924
Ms. Kuo Kwan	–	1,852	309	36	2,197
Mr. Zhang Li *(Note iv)*	–	309	–	7	316
Mr. Ting *(Note v)*	–	1,200	–	9	1,209
Mr. Zhou, Francis Bingrong *(Note vi)*	–	1,080	–	9	1,089
Emoluments paid or receivable in respect of a person's services as a director of the Company and/or its subsidiary undertaking:					
Non-executive directors					
Mr. Ip Cho Yin, *J.P.*	180	–	24	–	204
Mr. Ji Zuguang *(Note vii)*	–	900	24	15	939
Mr. Zhang Li *(Note iv)*	24	–	24	–	48
Independent non-executive directors					
Ms. Fan Wei	180	–	–	–	180
Mr. Chu Kin Wang Peleus	180	–	–	–	180
Dr. Lau Reimer, Mary Jean *(Note viii)*	135	–	–	–	135
	699	7,001	2,845	88	10,633

Notes:

(i) Appointed as executive director, chairman and chief executive officer on 19 November 2019 and retired as executive director, chairman and chief executive officer on 31 July 2020.

(ii) Appointed as executive director on 19 November 2019 and retired as executive director on 31 July 2020.

(iii) Resigned as executive director and deputy chairman on 19 November 2019.

(iv) Appointed as non-executive director on 3 October 2019 and re-designated as executive director on 22 November 2019.

(v) Resigned as executive director and chairman on 3 October 2019.

(vi) Appointed on 17 April 2018 and resigned on 24 August 2018 and re-appointed on 7 January 2019 and resigned as executive director and chief executive officer on 3 October 2019.

(vii) Appointed as non-executive director and chairman on 3 October 2019 and ceased as chairman on 19 November 2019.

(viii) Appointed on 4 June 2019.

13. DIRECTORS' EMOLUMENTS *(continued)*

During the years ended 31 March 2021 and 2020, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived or agreed to waive any emoluments during the years ended 31 March 2021 and 2020.

There is no discretionary bonus paid during the years ended 31 March 2021 and 2020.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2020: three) were directors of the Company for the year ended 31 March 2021, whose emoluments are disclosed in note 13 above. The emoluments of the remaining three (2020: two) individuals for the years ended 31 March 2021 and 2020 were as follows:

	2021 **HK$'000**	2020 HK$'000
Salaries, allowances and other benefits	**3,197**	2,824
Contributions to retirement benefits scheme	**54**	35
	3,251	2,859

Their emoluments were within the following bands:

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

No incentive were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office was incurred during the years ended 31 March 2021 and 2020.

15. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

16. (LOSS) PROFIT PER SHARE

From continuing and discontinued operations

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

	2021 HK$'000	2020 HK$'000
Loss		
Loss for the purpose of basic loss per share for the year attributable to the owners of the Company	**(34,968)**	(278,922)
Effect of dilutive potential ordinary shares: Change in fair value of put option to non-controlling interests in CVP Capital Limited and loss attributable to the owners to the Company	**(865)**	(982)
Loss for the purpose of diluted loss per share	**(35,833)**	(279,904)

	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**5,477,259,879**	5,192,726,898

The computation of diluted loss per share does not assume the conversion of the outstanding shares options and outstanding convertible bonds since their exercise would result in a decrease in loss per share from continuing and discontinued operations for the year ended 31 March 2021 and 2020.

From continuing operations

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

	2021 HK$'000	2020 HK$'000 (Restated)
Loss for the purpose of basic loss per share from continuing operations	**(35,699)**	(273,188)
Effect of dilutive potential ordinary shares: Change in fair value of put option to non-controlling interests in CVP Capital Limited and loss attributable to the owners to the Company	**(865)**	(982)
Loss for the purpose of diluted loss per share	**(36,564)**	(274,170)

The denominators used are the same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

From discontinued operations

	2021	2020
Profit (loss) for the purpose of basic and diluted profit (loss) per share from discontinued operations	**731**	(5,734)

The denominators used are the same as those detailed above for both basic and diluted profit (loss) per share from continuing and discontinued operations.

17. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Crypto-currencies mining machine HK$'000	Shop equipment HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 April 2019	19,928	229,110	570	13,271	6,736	269,615
Additions	771	–	5	1,392	280	2,448
Disposal of subsidiaries *(Note 39)*	(2,322)	(224,154)	–	(4,505)	–	(230,981)
Disposals and written off	(631)	–	(31)	(1,677)	(352)	(2,691)
Exchange realignment	(28)	(4,956)	–	(27)	(324)	(5,335)
At 31 March 2020	17,718	–	544	8,454	6,340	33,056
Additions	–	–	12	32	–	44
Disposal of subsidiaries *(Note 39)*	–	–	–	(233)	–	(233)
Disposals and written off	(7,566)	–	–	–	–	(7,566)
Exchange realignment	192	–	–	549	237	978
At 31 March 2021	10,344	–	556	8,802	6,577	26,279
ACCUMULATED IMPAIRMENT AND DEPRECIATION						
At 1 April 2019	17,119	147,109	509	5,791	6,492	177,020
Charge for the year	1,314	15,937	14	1,320	40	18,625
Impairment loss for the year	–	21,760	–	–	–	21,760
Disposal of subsidiaries *(Note 39)*	(2,317)	(181,112)	–	(1,369)	–	(184,798)
Eliminated upon disposals and written off	–	–	(1)	(22)	(343)	(366)
Exchange realignment	(21)	(3,694)	–	(20)	(300)	(4,035)
At 31 March 2020	16,095	–	522	5,700	5,889	28,206
Charge for the year	1,245	–	9	510	232	1,996
Disposal of subsidiaries *(Note 39)*	–	–	–	(94)	–	(94)
Eliminated upon disposals and written off	(7,208)	–	–	–	–	(7,208)
Exchange realignment	182	–	–	413	228	823
At 31 March 2021	10,314	–	531	6,529	6,349	23,723
CARRYING VALUES						
At 31 March 2021	30	–	25	2,273	228	2,556
At 31 March 2020	1,623	–	22	2,754	451	4,850

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the term of the lease
Crypto-currencies mining machine	30%
Shop equipment	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	30%

During the year ended 31 March 2020, the directors of the Company conducted a review of the Group's crypto-currencies mining machine and determined that a number of those assets were impaired, due to drop in market price of crypto-currencies resulting in their carrying values are not expected to be fully recoverable. Accordingly, impairment loss of approximately HK$21,760,000 had been recognised in respect of plant and equipment, which are used in the blockchain services segment. The recoverable amounts of the relevant assets have been determined on the basis of their fair value less cost of disposal based on market approach with reference to recent transaction price. The impairment loss for the remaining plant and equipment as at 31 March 2021 and 2020 were assessed with reference to a value-in-use calculation of the cash generating units to which the assets belong, no impairment loss is recognised.

18. FINANCIAL ASSETS AT FVTPL

	2021 **HK$'000**	2020 HK$'000
Unlisted promissory note receivable	**–**	41,212

The promissory note with a principal amount of HK$40,500,000 form part of the consideration receivables from disposal of Novel Idea as disclosed in Note 39(iv). The fair value of the promissory note at initial recognition is HK$40,500,000, measured by discounting the estimated contractual cash flows at effective interest rate of 5%. The maturity date of this promissory note is on the 1st anniversary from the issue date (i.e. 27 August 2020) and therefore classified as current asset.

During the year ended 31 March 2021, the gain from fair value change of promissory note receivable is HK$1,313,000 (2020: HK$712,000) and realised gain from wealth management products is HK$485,000 (2020: nil). The basis of fair value measurement is disclosed in note 7(c). The promissory note has been fully settled on maturity date.

During the year ended 31 March 2020, the Group recognised a loss from change in fair value of exchangeable bonds amounted to approximately HK$11,519,000 and gain from change in fair value of listed equity securities amounted to approximately HK$711,000.

On 18 February 2020, the Group disposed of the exchangeable bonds to an independent third party to the Group for a cash consideration of HK$67,000,000. The consideration receivables of HK$67,000,000 is included in other receivable as at 31 March 2020 (Note 25) and fully settled in the current financial year.

19. INTANGIBLE ASSETS

	Club membership HK$'000	**Trading rights** HK$'000	**License** HK$'000	**Total** HK$'000
COST				
At 1 April 2019	1,280	7,978	179,081	188,339
Disposal of subsidiaries *(Note 39(ii))*	–	(7,978)	–	(7,978)
At 31 March 2020	1,280	–	179,081	180,361
Impairment loss for the year	–	–	(28,711)	(28,711)
Currency realignment	–	–	(4,764)	(4,764)
At 31 March 2021	1,280	–	145,606	146,886
CARRYING AMOUNTS				
At 31 March 2021	1,280	–	145,606	146,886
At 31 March 2020	1,280	–	179,081	180,361

The club membership is an intangible asset acquired from third parties with indefinite useful life.

The license represented the virtual currency exchange service provider license registered with the Financial Service Agency held by BITOCEAN Co., Ltd ("BITOCEAN"), a non-wholly owned subsidiary of the Company, which are acquired through acquisition of BITOCEAN that allows BITOCEAN to conduct the sale and purchase of bitcoin and Japanese Yen through auto teller machines. The license does not have expiry date and therefore has indefinite useful life.

19. INTANGIBLE ASSETS *(continued)*

Impairment testing on club membership with indefinite useful life

The club membership held by the Group is considered by the directors of the Company as having indefinite useful life because it is a life-time membership which has no explicit legal life. The club membership will not be amortised until their useful lives are determined to be finite. Instead, they will be tested for impairment annually and wherever there is an indication that they may be impaired.

No impairment loss has been recognised for the years ended 31 March 2021 and 2020 as the directors of the Company are of the opinion that the recoverable amount was higher than the carrying amount. The recoverable amount has been determined based on fair value of club membership.

The fair value of the Group's club membership at the end of each reporting period have been determined by the directors of the Company with by reference to recent market prices for similar assets in similar transaction and conditions.

Impairment testing on license with indefinite useful life

The license held by the Group is considered by the directors of the Company as having indefinite useful life because it is expected to contribute to net cash inflow indefinitely. The license will not be amortised until its useful life is determined to be finite. Instead, it will be tested for impairment annually and wherever there is an indication that they may be impaired.

For the purpose of impairment testing on license with indefinite useful life, the Group estimates the recoverable amount of license based on its fair value with reference to a valuation performed by an independent professional valuer.

The valuation method adopted is the income-based approach, which estimates the recoverable amount of the license as the present value of the profits attributable to the license. The calculation used cash flow projections based on financial budgets covering a five-year period approved by senior management the Company. The senior management of the Company applied EBITA ratio of –56% to 55% (2020: –67% to 82%) and net margin of –60% to 37% (2020: –76% to 56%) in estimating the cash flow projections based on the market performance, development and expectation in cryptocurrency market. The discount rate applied to cash flow projections is 16.41% (2020: 16.18%) and cash flows beyond the five-year period are extrapolated using a growth rate of 0.96% (2020: 1.29%).

At 31 March 2021, the recoverable amount of the license is approximately HK$145,606,000 and there was no headroom available. Impairment loss on license amounted to approximately HK$28,711,000 is recognised due to the fluctuation and increasing regulatory requirements in cryptocurrency market which resulted in downward adjustment of expected future cash flows. The senior management of the Company believes that any reasonably possible change in any of these assumptions would not cause further impairment loss.

20. LEASES

(i) Right-of-use assets

	2021 **HK$'000**	2020 HK$'000
At 1 April	**14,612**	12,757
Addition	**299**	18,813
Disposal of subsidiaries *(Note 39)*	**–**	(5,305)
Depreciation	**(9,827)**	(11,607)
Exchange realignment	**(485)**	(46)
At 31 March	**4,599**	14,612

The Group has leased arrangements for leased properties (office premises, warehouses and shops). The lease terms are generally two to three years. Additions to the right-of-use assets for the year ended 31 March 2021 amounted to approximately HK$299,000 (2020: HK$18,813,000), due to new leases of properties.

As at 31 March 2021, the carrying amount of right-of-use assets was approximately HK$4,599,000 (2020: HK$14,612,000) in respect of the leased properties.

(ii) Lease liabilities

	2021 **HK$'000**	2020 HK$'000
Non-current	**1,092**	4,752
Current	**3,576**	10,089
	4,668	14,841

Amount payable under lease liabilities

	2021 **HK$'000**	2020 HK$'000
Within one year	**3,576**	10,089
After one year but within two years	**1,092**	4,752
	4,668	14,841
Less: Amount due for settlement within 12 months (shown under current liabilities)	**3,576**	10,089
Amount due for settlement after 12 months	**1,092**	4,752

During the year ended 31 March 2021, the Group entered into a number of new lease agreements in respect of renting properties and recognised lease liability of approximately HK$299,000 (2020: HK$18,813,000).

As at 31 March 2021, the carrying amount of lease liabilities was approximately HK$4,668,000 (2020: HK$14,841,000).

20. LEASES *(continued)*

(iii) Amounts recognised in profit or loss

	2021 **HK$'000**	2020 HK$'000
Continuing operations		
Expense relating to short-term leases	**915**	7,505
Depreciation	**9,827**	11,607
Interest expense on lease liabilities	**332**	964

(iv) Others

The total cash outflow for leases including interest paid on lease liabilities and payment of lease liabilities amount to approximately HK$11,141,000 (2020: HK$19,570,000).

21. DEFERRED TAX ASSET (LIABILITY)

	2021 **HK$'000**	2020 HK$'000
Deferred tax asset	**11,620**	19,776
Deferred tax liability	**(933)**	(893)
	10,687	18,883

The following is the major deferred tax asset and liability recognised and movements thereon during the current and prior years:

	Withholding tax on undistributed profit of subsidiaries in the PRC HK$'000	**Fair value adjustments arising from acquisition of a subsidiary** HK$'000	**Impairment on loan receivables** HK$'000	**Accelerated tax depreciation** HK$'000	**Tax loss** HK$'000	**Total** HK$'000
At 1 April 2019	(793)	(813)	7,074	932	–	6,400
Disposal of subsidiaries *(Note 39)*	–	813	–	2	–	815
(Charged) credited to profit or loss *(Note 11)*	(89)	–	12,595	(128)	–	12,378
Exchange realignment	2	–	(712)	–	–	(710)
At 31 March 2020	(880)	–	18,957	806	–	18,883
(Charged) credited to profit or loss *(Note 11)*	(52)	–	(10,873)	(806)	2,344	(9,387)
Exchange realignment	(1)	–	1,192	–	–	1,191
At 31 March 2021	(933)	–	9,276	–	2,344	10,687

At 31 March 2021, the Group had unused tax loss of approximately HK$100,084,000 (2020: HK$83,310,000) available for offset against future profits. Deferred tax assets have been recognised in respect of approximately HK$14,204,000 (2020: nil). No deferred tax asset has been recognised in respect of the remaining HK$85,880,000 (2020: 83,310,000) tax loss due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$1,524,000 (2020: HK$18,453,000) as at 31 March 2021 that will expire in five years from the dates they were incurred. Other losses may be carried forward indefinitely.

21. DEFERRED TAX ASSET (LIABILITY) *(continued)*

At 31 March 2021, the Group has deductible temporary differences derived from plant and equipment and impairment of loan and trade receivables of approximately HK$5,320,000 (2020: HK$4,872,000) and HK$51,945,000 (2020: HK$81,506,000) respectively. A deferred tax asset has been recognised in relation to approximately HK$nil (2020: HK$4,872,000) and HK$51,438,000 (2020: HK$80,916,000) of such temporary differences respectively. No deferred tax asset has been recognised in relation to remaining temporary differences of approximately HK$5,320,000 (2020: nil) and HK$507,000 (2020: HK$590,000) respectively as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at 31 March 2021, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately HK$76,847,000 (2020: HK$77,313,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

22. GOODWILL

	2021 **HK$'000**	2020 HK$'000
COST		
At the beginning of the financial year	**12,845**	443,536
Eliminated on disposal of subsidiaries *(Note 39)*	**–**	(430,691)
At the end of the financial year	**12,845**	12,845
IMPAIRMENT		
At the beginning of the financial year	**3,817**	177,068
Impairment recognised during the year	**–**	257,440
Eliminated on disposal of subsidiaries *(Note 39)*	**–**	(430,691)
At the end of the financial year	**3,817**	3,817
CARRYING AMOUNTS		
At 31 March	**9,028**	9,028

For the purposes of impairment test, goodwill at 31 March 2021 and 2020 has been allocated to a CGU, being a subsidiary of the Company, Starlight Financial Holdings Limited and its subsidiaries ("Starlight Financial").

22. GOODWILL *(continued)*

Starlight Financial

The recoverable amount of Starlight Financial has been determined based on value-in-use calculation. In assessing the valuation of the CGU, the management adopted the income approach. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 10% (2020: 10%). Starlight Financial's cash flows beyond the five-year period are extrapolated using a pre-tax 3% (2020: 3%) growth rate, which represents the long-term inflation rate in the PRC. No impairment loss has been recognised during the years ended 31 March 2021 and 2020 as directors of the Company are of the opinion that the recoverable amount was higher than the carrying amount.

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

Diginex HPC

During the year ended 31 March 2020, the Group recognised an impairment loss of approximately HK$257,440,000 in relation to goodwill arising on acquisition of Diginex High Performance Computing Limited ("Diginex HPC") as the performance of the crypto-currencies mining business was lower than management's initial expectations.

The Dignex HPC CGU has been disposed of upon disposal of Future Games (note 39 (iii)). The impairment assessment was performed on 30 September 2019.

The recoverable amount of Diginex HPC at 30 September 2019 is nil and has been determined using the income approach method. The recoverable amount of the CGU was classified as level 3 in the fair value hierarchy. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and pre-tax discount rate of 22.69%. Cash flows beyond the five-year period are extrapolated using an estimated annual growth rate. The key assumptions adopted in the income approach method relate to the business expansion, estimated productivity of crypto-currencies mining machines and the estimated prices of crypto-currencies. Management determined the budgeted gross margin based on past performance, its expectations on the market development, and a long-term growth rate of 2%, which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the business in the country in which Diginex HPC operates. The discount rates used are Diginex HPC's specific weighted average cost of capital, adjusted for the risks of Diginex HPC. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of Diginex HPC to exceed its recoverable amount.

23. INVENTORIES

	2021 **HK$'000**	2020 HK$'000
Goods held for resale	**20,379**	28,998

24. LOAN AND INTEREST RECEIVABLES

	2021 HK$'000	2020 HK$'000
Secured loans		
Real estate-backed loans	**32,908**	30,284
Secured micro loans	**66,238**	74,553
	99,146	104,837
Unsecured loans		
Unsecured micro loans	**247,679**	192,078
Unsecured other loans	**45,741**	102,107
	293,420	294,185
	392,566	399,022
Less: Allowances for loan receivables	**(37,754)**	(81,168)
Loan receivables	**354,812**	317,854
Interest receivables	**54,664**	79,400
	409,476	397,254
Loan and interest receivables analysed for reporting purpose as:		
Non-current assets	**15,091**	10,420
Current assets	**394,385**	386,834
	409,476	397,254

The average loan period as at the end of the reporting period as follows:

	2021	2020
Real estate-backed loans	**180 days to 1 year**	180 days to 1 year
Secured and unsecured micro loans	**90 days to 4 years**	90 days to 4 years
Other loans	**180 days to 3 years**	90 days to 2 years

As at 31 March 2021, the loans provided to customers bore fixed interest rate at 0.3% to 3% per month (2020: 0.3% to 3% per month), and were repayable according to the loan agreements.

As at 31 March 2021, included in the gross balances are loans of approximately HK$88,078,000 (2020: HK$87,065,000) were secured by real estates in the PRC; approximately HK$11,068,000 (2020: HK$17,772,000) were secured by motor vehicles; and approximately HK$82,601,000 (2020: HK$115,411,000) were guaranteed by guarantors.

As at 31 March 2021, the Group held collaterals with value of approximately HK$303,628,000 (2020: HK$231,466,000) over the financing advances to customers.

24. LOAN AND INTEREST RECEIVABLES *(continued)*

Movement in the allowance for loan receivables:

	Stage 1: 12-month ECL HK$'000	Stage 2: Lifetime ECL HK$'000	Stage 3: Lifetime ECL – credit impaired HK$'000	Total HK$'000
At 1 April 2019	5,601	14,582	12,893	33,076
Increase during the year	15,889	23,704	11,496	51,089
Exchange realignment	(791)	(1,047)	(1,159)	(2,997)
At 31 March 2020	20,699	37,239	23,230	81,168
Decrease during the year	(14,280)	(6,569)	(2,944)	(23,793)
Write-off during the year	(3,815)	(18,855)	–	(22,670)
Exchange realignment	228	1,064	1,757	3,049
At 31 March 2021	2,832	12,879	22,043	37,754

The decrease in loss allowance for the year ended 31 March 2021 is due to the decrease in loss rates resulting from improvement in economic prospect.

The following is an aged analysis of net loans and interest receivables, presented based on the dates which loans are granted to borrowers and interests are accrued.

	2021 HK$'000	2020 HK$'000
Within 90 days	**90,453**	92,789
91 – 180 days	**74,227**	88,836
181 – 365 days	**44,994**	47,852
Over 365 days	**199,802**	167,777
At 31 March	**409,476**	397,254

During the years ended 31 March 2021 and 2020, in determining the expected credit losses for these assets, the directors of the Company have taken into account the historical default experience, the financial position of the counterparties, value of collaterals as well as the future prospects of the industries in which the borrowers operate, considering various external sources of actual and forecast economic information for estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon and the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for loan receivables.

24. LOAN AND INTEREST RECEIVABLES *(continued)*

As at 31 March 2021 and 31 March 2020, an analysis of the gross amount of loans and interest receivables is as follows:

	As at 31 March 2021				As at 31 March 2020			
	Stage 1: 12-month ECL HK$'000	**Stage 2: Lifetime ECL HK$'000**	**Stage 3: Lifetime ECL – credit impaired HK$'000**	**Total HK$'000**	Stage 1: 12-month ECL HK$'000	Stage 2: Lifetime ECL HK$'000	Stage 3: Lifetime ECL – credit impaired HK$'000	Total HK$'000
Gross amount:								
Normal	**208,295**	**–**	**–**	**208,295**	226,659	–	–	226,659
Special Mention	**–**	**137,670**	**–**	**137,670**	–	191,803	–	191,803
Substandard	**–**	**–**	**69,390**	**69,390**	–	–	39,212	39,212
Doubtful	**–**	**–**	**30,890**	**30,890**	–	–	17,252	17,252
Loss	**–**	**–**	**985**	**985**	–	–	3,496	3,496
	208,295	**137,670**	**101,265**	**447,230**	226,659	191,803	59,960	478,422

During the year ended 31 March 2021, bad debts of approximately HK$43,937,000 (2020: HK$14,129,000) were directly written off.

25. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	2021 HK$'000	2020 HK$'000
Trade receivables	**2,115**	1,674
Less: loss allowance	**(507)**	(338)
Net trade receivables	**1,608**	1,336
Payments in advance	**7,545**	5,653
Prepayments	**3,809**	5,312
Deposits and other receivables	**11,993**	6,689
Consideration receivables *(note)*	**–**	106,139
Total other receivables and deposits	**23,347**	123,793
Trade and other receivables, deposits	**24,955**	125,129
Analysed as:		
Current	**23,059**	123,609
Non-current	**1,896**	1,520
Trade and other receivables, deposits	**24,955**	125,129

Note: The consideration receivables have been fully settled during the year ended 31 March 2021, among which HK$14,000,000 has been set-off with promissory note payable (note 38(b)).

Generally, the Group allows credit period of a range from 0 to 30 days to its customers.

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

The following is an aged analysis of trade receivables, net of allowance for doubtful debts presented based on the delivery dates, which approximated the respective revenue recognition dates, at the end of the reporting period.

	2021 HK$'000	2020 HK$'000
Within 30 days	**941**	362
31 to 60 days	**195**	345
61 to 90 days	**74**	10
91 to 180 days	**101**	203
181 to 365 days	**257**	30
Over 365 days	**40**	386
Total	**1,608**	1,336

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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.

	31 March 2021			31 March 2020		
	Weighted average expected loss rate %	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**	Weighted average expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	**0.0%**	**1,576**	**–**	0.0%	–	–
0 – 90 days past due	**0.0%**	**–**	**–**	0.7%	722	5
91 – 180 days past due	**0.0%**	**–**	**–**	1.5%	206	3
181 – 365 days past due	**52.2%**	**67**	**35**	66.7%	90	60
Over 1 year past due	**100%**	**472**	**472**	41.2%	656	270
Total		**2,115**	**507**		1,674	338

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

The movements in loss allowance of trade receivables are as follows:

	2021 HK$'000	2020 HK$'000
At the beginning of year	**338**	674
Impairment recognised during the year	**169**	–
Disposal of subsidiaries	**–**	(336)
At the end of year	**507**	338

The movements in loss allowance of trade receivables from margin client for the year ended 31 March 2020 are as follows:

	Stage 1: 12-month ECL HK$'000	**Total** HK$'000
At 1 April 2019	264	264
Impairment recognised during the year	270	270
Disposal of subsidiaries	(534)	(534)
At 31 March 2020	–	–

26. INTERESTS IN ASSOCIATES

	2021 HK$'000	2020 HK$'000
Cost of investment, unlisted	**–***	–*
Share of post-acquisition profit and other comprehensive income	**–***	–*
	–	–
Amount due from associates	**267**	263

* The balance represents an amount less than HK$500.

The amounts due from associates were unsecured, interest-free and repayable on demand.

26. INTERESTS IN ASSOCIATES *(continued)*

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

Name of entity	Form of entity	Place of establishment and operation	Class of shares held	Percentage of nominal value of registered capital and voting power held by the group				Principal activity
				Directly		Indirectly		
				2021	2020	**2021**	2020	
Telebox Technology Holdings Limited ("Telebox") and its subsidiary	Limited liability company	Seychelles	Registered capital	**20%**	20%	**20%**	20%	inactive

The Group acquired 20% of the registered capital of Telebox in 2018 at a consideration of HK$156. As at 31 March 2021 and 2020, Telebox is inactive and the Group's unrecognised loss of this associate is not significant.

27. AMOUNTS DUE TO SHAREHOLDERS/A DIRECTOR/NON-CONTROLLING SHAREHOLDERS

The amounts are unsecured, non-interest bearing and repayable on demand.

28. BANK BALANCES AND CASH

	2021 **HK$'000**	2020 HK$'000
Bank balances	**19,639**	41,960
Cash in hand	**18**	71
Bank balances and cash	**19,657**	42,031

Bank balances carries interest at prevailing market rate for the year ended 31 March 2021 and 2020.

29. CONTRACT LIABILITIES

	2021 **HK$'000**	2020 HK$'000
Sales of alcoholic beverages	**12,331**	3,329
Receipt in advance	**3,136**	–
	15,467	3,329

Contract liabilities are mainly from sales of alcoholic beverages. In general, the Group receives certain percentage of the contract sum as advance payment from the customers upon signing of the sales contracts. Receipt in advance represented upfront payment receipt from customers for agency services in loan financing business.

The significant changes in contract liabilities during the year ended 31 March 2021 were mainly due to the increase in purchases order and demand for agency services from customers during the year.

Revenue recognised during the year ended 31 March 2021 that was included in the contract liabilities as at 31 March 2020 was approximately HK$3,329,000 (2020: HK$5,311,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year. The directors of the Company considered that the contract liabilities as at 31 March 2021 will be recognised as revenue in profit or loss within one year.

30. TRADE AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables	**2,723**	2,883
Other payables and accruals	**20,374**	20,265
Trade and other payables	**23,097**	23,148

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2021 HK$'000	2020 HK$'000
Within 30 days	**1,661**	816
31 to 60 days	**167**	288
61 to 90 days	**–**	521
91 to 180 days	**478**	361
181 to 365 days	**53**	347
Over 365 days	**364**	550
Total	**2,723**	2,883

The average credit period on purchases of goods ranged from 30 to 90 days. The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

31. LOANS FROM A DIRECTOR/A SUBSIDIARY OF NON-CONTROLLING SHAREHOLDER

(a) Loan from a director

The amount is unsecured, with fixed interest rate of 10% p.a. and repayable on demand and was fully repaid during the current year.

(b) Loan from a subsidiary of non-controlling shareholder

The amount of JPY1,500,000,000 (equivalent to approximately HK$105,300,000 (2020: HK$107,100,000)) with fixed interest rate of 2% (2020: 2% to 4%) p.a. was guaranteed by Mr. Ting, a substantial shareholder of the Company and is repayable within one year.

32. BORROWINGS

	2021 HK$'000	2020 HK$'000
Other borrowings	**49,992**	103,992

The other borrowings are repayable within one year.

The ranges of effective interest rates on the Group's other borrowings are as follows:

	2021	2020
Other borrowings	**12% per annum**	12% per annum

All the other borrowings are at fixed rates.

32. BORROWINGS *(continued)*

As at 31 March 2021, included in other borrowings is carrying amount of approximately HK$49,992,000 (2020: HK$99,992,000) bore interest at fixed rate and were due within one year. The fixed rate other borrowings carried interest at 12% per annum and contained a repayable on demand clause. These borrowings are secured by the Company's 77% of the entire issued share capital of Hackett Enterprises Limited ("Hackett") and entire issued share capital of Madison Lab Limited ("Madison Lab") and personal guarantee provided by Mr. Ting, the substantial shareholder of the Company.

As at 31 March 2020, included in unsecured other borrowings are carrying amount of approximately HK$4,000,000 bore interest at fixed rate, due within one year and contained a repayable on demand clause. The fixed rate unsecured other borrowings carried interest of 12% per annum and these other borrowings were fully repaid during the year ended 31 March 2021.

33. CONVERTIBLE BONDS

The Company issued convertible bonds with zero coupon rate at a total principal value of HK$150,000,000 ("CB 1") on 28 July 2017 to Bartha Holdings Limited ("Bartha Holdings"). The convertible bonds will mature on 27 July 2022 at its principal amount or can be converted into 136,363,636 shares in the Company at Bartha Holdings' option at the conversion price of HK$1.1 per share.

The fair value of the convertible bonds of HK$271,290,000 was valued by an independent valuer as at 28 July 2017. The convertible bonds comprise a liability component and an equity conversion component.

The fair value of the convertible bonds as a whole is determined by using the Binomial Option Pricing Model. The fair value of the liability component of the convertible bonds is calculated using cash flows discounted at a rate based on an equivalent market interest rate of 9.23% per annum for equivalent non-convertible bonds using market comparable approach. The initial carrying amount of the equity component is determined by deducting the estimated legal and professional fee and fair value of the liability component from the fair value of the convertible bonds, which is included in the "Convertible bonds – equity conversion reserve" under reserve of the Company.

The CB 1 shall not be redeemed at the request of the Company or the holders of CB 1 before the maturity date and therefore it is reclassified as non-current liabilities.

Bartha International, a then indirect non-wholly owned subsidiary of the Company as at 31 March 2019, had raised HK$50,000,000 by way of issuing convertible bonds with 2% coupon rate payable annually at a principal value of HK$10,000,000 on 11 April 2017 ("CB 2") and HK$40,000,000 on 18 April 2017 ("CB 3") to three independent third parties. These convertible bonds would mature on 11 April 2020 and 18 April 2020 respectively at their principal amount or can be converted into 12.5% of the issued share capital in Bartha International at any time commencing from the issue dates up to tenth business day immediately preceding the maturity dates.

The proceeds from the issuance of these convertible bonds of HK$50,000,000 have been split into liability and equity components. The fair values of the liability component of these convertible bonds of HK$40,770,000 were valued by an independent valuer, using Binominal Option Pricing Model. These convertible bonds comprise a liability component and an equity conversion component. The fair values of the liability component of these convertible bonds are calculated using cash flows discounted at a rate based on an equivalent market interest rate of 9.39% for CB 2 and 9.32% for CB 3 per annum respectively for equivalent non-convertible bonds using market comparable approach. The residual amounts are assigned as the equity component and are included in the convertible bonds issued by Bartha International.

The CB 2 and CB 3 have been derecognised upon disposal of Bartha International during the year ended 31 March 2020 (Note 39(ii)).

33. CONVERTIBLE BONDS *(continued)*

The equity component of convertible bonds recognised in the consolidated statement of financial position is as follows:

	Issued by the Company	Issued by Bartha International		
	CB 1	**CB 2**	**CB 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Equity component at 1 April 2019	174,782	1,858	7,372	184,012
Disposal of subsidiaries *(Note 39(ii))*	–	(1,858)	(7,372)	(9,230)
Equity component at 31 March 2020 and 2021	174,782	–	–	174,782

The movement of liability component of the convertible bonds is as follows:

	Issued by the Company	Issued by Bartha International		
	CB 1	**CB 2**	**CB 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Liability component at 1 April 2019	111,344	9,289	37,199	157,832
Add: Effective interest expense	10,413	649	2,580	13,642
Less: Interest payable	–	(146)	(605)	(751)
Disposal of subsidiaries *(Note 39(ii))*	–	(9,792)	(39,174)	(48,966)
Liability component at 31 March 2020	121,757	–	–	121,757
Add: Effective interest expense	11,387	–	–	11,387
Liability component at 31 March 2021	133,144	–	–	133,144

34. DERIVATIVE FINANCIAL INSTRUMENTS

	2021	2020
	HK$'000	HK$'000
Put option to non-controlling interests in CVP Capital *(Note a)*	**–**	9,742
Put option to the promissory note holder *(Note b)*	**6,974**	49,463
	6,974	59,205

Note:

(a) CVP Financial Holdings Limited ("CVP Financial") entered into the first deed (the "First Deed") with Mr. Samuel Lin Jr. ("Mr. Lin"), and the second deed (the "Second Deed", together the "Deeds") with Star Beauty Holdings Limited ("Star Beauty") respectively on 9 February 2017, pursuant to which CVP Financial has conditionally agreed to grant each of Mr. Lin and Star Beauty the put option (the "CVP Put Option"), the grant had been completed on 28 July 2017. Each of Mr. Lin and Star Beauty, pursuant to the CVP Put Option, during the 12-month period after the 2nd anniversary of the completion (i.e. from 28 July 2019 to 27 July 2020), has the right to require CVP Financial to acquire all the shares of CVP Capital held by him/it immediately prior to the exercise of the CVP Put Option, at the consideration of HK$1.26 per share in CVP Capital. The consideration payable by CVP Financial to each of Mr. Lin and Star Beauty shall be satisfied at the discretion of Mr. Lin or Star Beauty (as the case may be), either in cash amounted approximately HK$11,756,000 or by CVP Financial procuring the Company to issue and allot a total of 10,631,681 consideration shares of the Company at the issue price of HK$1.1 per Share. Details of the Deeds are set out in the Company's announcements dated 9 February 2017 and 5 July 2017 respectively.

During the year ended 31 March 2021, the CVP Put Option has been expired without being exercised and the fair value of approximately HK$9,742,000 was transferred to capital reserve upon derecognition.

34. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Note: (continued)

(a) *(continued)*

The fair value of CVP Put Option at 31 March 2020 is based on valuations by an independent valuer, determined by using Monte Carlo Simulation Model. The significant inputs to the models were as follows:

	2020
Risk free rate	0.768%
Year to maturity	0.33 years
Share price of the Company	HK$0.187

(b) During the year ended 31 March 2019, the Company entered into the acquisition agreement with CVP Financial, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Ting (the "CVP Agreement"), pursuant to which the Company has conditionally agreed to acquire, and CVP has conditionally agreed to sell, 52 shares (the "CVP Sale Shares") of Hackett, representing 52% of the entire issued share capital of Hackett.

Under the CVP Agreement, the consideration (the "CVP Consideration") for the purchase of the CVP Sale Shares is HK$462,800,000. The CVP Consideration shall be satisfied: (i) in respect of 60% of the CVP Consideration, by the Company allotting and issuing 504,872,727 new shares of the Company (the "Shares") (collectively referred to as the "CVP Consideration Shares") of HK$0.001 each at an issue price of HK$0.55 per Share (the "Issue Price") to CVP at completion of the CVP Acquisition; and (ii) in respect of 40% of the CVP Consideration, by the Company issuing a promissory note in the principal amount of HK$185,120,000 (the "PN2") to CVP at completion.

The PN2 is a three-year interest free note which may be redeemed any time at the request of any party by giving the other party prior notice. The PN2 contains the put option for the PN2's holder (the "PN Put Option").

The principal of PN2 has been partially repaid with the amount of HK$119,525,000 (2020: nil) during the year ended 31 March 2021. The corresponding embedded PN Put Option had been lapsed upon repayment.

The fair value of the Promissory Note is determined based on the valuation conducted by an independent valuer on the Promissory Note as at 29 March 2019 ("PN Valuation"). The Promissory Note contains three components, the call option for the Company, the put option for the Promissory Note holder and liability components. In the opinion of the directors of the Company, the call option was insignificant for the Hackett.

The fair value of the put option at 31 March 2021 is determined by using Swaption Model, under which the liability component is calculated using cash flows discounted at a rate based on an equivalent market interest rate of 11.97% (2020: 16.88%) per annum for similar instruments without put option.

(c) During the year ended 31 March 2021, the Group recognised gain on change in fair value of derivative financial instruments amounted to approximately HK$42,489,000 (2020: loss on change in fair value HK$5,567,000).

35. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.001 each		
Authorised:		
At 1 April 2019, 31 March 2020 and 31 March 2021	10,000,000,000	10,000
Issued and fully paid:		
At 1 April 2019 and 31 March 2020	5,192,726,898	5,193
Issue of 1,038,545,379 shares at a price of HK$0.055 each per placing share by way of placing in December 2020 *(Note)*	1,038,545,379	1,038
At 31 March 2021	6,231,272,277	6,231

35. SHARE CAPITAL *(continued)*

Note:

On 22 December 2020, an aggregate of 1,038,545,379 placing shares were placed to not less than six placees at the placing price of HK$0.055 per placing share in accordance with the terms and conditions of the placing agreement. These shares rank pari passu with the existing shares in all respects. On the basis that the net proceeds were approximately HK$55,963,000 (after deduction of commission and other expenses of the Placing), the net issue price was approximately HK$0.054 per Placing Share. The Group intended to use all the net proceeds as to (i) approximately HK$40,000,000 for the repayment of loans; (ii) approximately HK$6,000,000 for the purchase of wines for the operation of the wine business of the Group; and (iii) the remaining balance of approximately HK$9,600,000 for the general working capital of the Group.

The details were set out in the Company's announcement dated 22 December 2020.

36. PROMISSORY NOTES PAYABLES

On 9 February 2017, CVP Financial entered into the acquisition agreement with CVP Holdings Limited ("CVP Holdings"), pursuant to which CVP Financial conditionally agreed to acquire, and CVP Holdings conditionally agreed to sell, the entire issued share capital of CVP Asset Management Limited ("CVP Asset Management") for a consideration of HK$14,000,000.

Pursuant to the acquisition, CVP Financial agreed to settle the total consideration for the acquisition by issuing an interest-free promissory note in the sum of HK$14,000,000 (the "PN1") to CVP Holdings on 28 July 2017. The maturity date of the PN1 is the third anniversary from the date of issue of the PN1, being 27 July 2020. The effective interest rate of the PN1 is approximately 9.38% (2020: 9.38%). PN1 has been fully settled with the amount of HK$14,000,000 and set-off against consideration receivables (note 38(b)) during the year ended 31 March 2021.

Pursuant to the acquisition of Hackett stated in note 34(b), the Company agreed to settle the part of consideration for the acquisition by issuing PN2 in the sum of HK$185,120,000 to CVP on 29 March 2019. The maturity date of the PN2 is the third anniversary from the date of issue of the PN2, being 28 March 2022. The PN2 may be redeemed any time at the request of any party by giving the other party prior notice. PN2 has been partially repaid with a principal amount of HK$119,525,000 during the year ended 31 March 2021. The effective interest rates of the PN2 is approximately 9.51%.

	PN1 HK$'000	**PN2** HK$'000	**Total** HK$'000
At 1 April 2019	12,359	140,945	153,304
Add: effective interest expenses	1,211	13,405	14,616
At 31 March 2020	13,570	154,350	167,920
Add: effective interest expenses	430	24,842	25,272
Less: repayments	(14,000)	(119,525)	(133,525)
At 31 March 2021	–	59,667	59,667

37. DISCONTINUED OPERATIONS

Wine auction business

On 2 November 2020, the Group entered into a sale and purchase agreement with a purchaser, which is wholly-owned by Mr. Ting, to dispose of a wholly-owned subsidiary, Focus Concept Holdings Limited ("Focus Concept"). Focus Concept and its subsidiary (collectively, the "Disposal Group") carried out the Group's wine auction business. The disposal was effected in order to generate cash flows for the expansion of the Group's other businesses. The disposal was completed on 2 November 2020, on which date control of the Disposal Group passed to the acquirer. Details of the disposal are set out in note 39(i).

37. DISCONTINUED OPERATIONS *(continued)*

Wine auction business *(continued)*

The results of wine auction business for the year ended 31 March 2021 and 2020 were as follows:

	1.4.2020 to 2.11.2020 (date of disposal) HK$'000	1.4.2019 to 31.3.2020 HK$'000
Revenue*	**3,956**	4,948
Cost of sales	**(794)**	(515)
Gross profit	**3,162**	4,433
Other income	**169**	25
Staff cost	**(1,880)**	(4,036)
Deprecation	**(27)**	(46)
Administrative and other operating expenses	**(1,536)**	(6,110)
Loss for the period/year	**(112)**	(5,734)
Gain on disposal of discontinued operations *(note 39)*	**843**	–
Gain (loss) for the period/year from discontinued operations (attributable to owners of the Company)	**731**	(5,734)

* Revenue from contract with customers recognised at a point in time.

Loss for the period/year from discontinued wine auction business includes the following:

	1.4.2020 to 2.11.2020 (date of disposal) HK$'000	1.4.2019 to 31.3.2020 HK$'000
Auditor's remuneration	**120**	120
Write-down of inventories	**–**	150
Cost of inventories recognised as expense	**293**	392
Bank interest income	**–**	1
Government grants	**162**	–

Cash flows from discontinued wine auction business are as follows:

	1.4.2020 to 2.11.2020 (date of disposal) HK$'000	1.4.2019 to 31.3.2020 HK$'000
Net cash outflow from operating activities	**(665)**	(4,962)
Net cash outflow from investing activities	**(8)**	(10)
Net cash inflow from financing activities	**12**	7,072
Net cash (outflow) inflow	**(661)**	2,100

38. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2021, the Group entered into new lease arrangement in respect of property. Right-of-use asset and lease liability of approximately HK$299,000 were recognised at the commencement dates of the leases (2020: approximately HK$18,813,000).

(b) The Group disposed of a subsidiary at consideration of approximately HK$39,139,000 as detailed in note 39(ii). The considerations receivables were included in other receivables at 31 March 2020. During the year ended 31 March 2021, the partial consideration receivable for the amount of HK$14,000,000 was set-off against the promissory note payable with the principal amount of HK$14,000,000 as the consideration for the acquisition of CVP Asset Management.

39. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2021

(i) Focus Concept

On 2 November 2020, the Group disposed of its 100% equity interest in Focus Concept and the amount due from Focus Concept to the Group of HK$11,422,000 (the "Sale Loan") to Firebird Global Investment Holdings Limited ("Firebird Global"), a related company wholly-owned by Mr. Ting, who is the controlling shareholder of the Group, at a cash consideration of HK$2,000,000. Details are set out in the Company's announcement dated 2 November 2020. Focus Concept and its subsidiaries are principally engaged in provision of wine auction services. The disposal was completed on 2 November 2020 on which date control of the subsidiary passed to the acquirer.

The net assets of the subsidiary disposed of at the date of disposal are as follows:

	HK$'000
Property, plant and equipment	139
Inventories	833
Trade and other receivables	798
Bank balances and cash	1,572
Trade and other payables	(2,175)
Contract liabilities	(10)
Amount due to immediate holding company	(11,422)
	(10,265)
Gain on disposal of a subsidiary	
Consideration received	2,000
Net liabilities disposed of	10,265
Gain on disposal of a subsidiary	12,265
Sale Loan	(11,422)
Net gain on disposal of a subsidiary *(note 37)*	843
Consideration received	
Cash received	2,000
Net cash inflow arising on disposal	
Cash consideration received	2,000
Cash and cash equivalents	(1,572)
	428

39. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2020

(ii) **Bartha International**

On 15 January 2020, CVP Financial entered into a deed of settlement with the previous purchaser, Mr. Ding Lu, pursuant to which CVP Financial has agreed to pay to the previous purchaser the settlement sum in an amount of HK$1,000,000, and the previous agreement shall be terminated with effect from the settlement date. At the same time, CVP Financial entered into new agreements that disposed of its 49% equity interest in Bartha International to Ms. Zhang Fengge for 29% and Mr. Zuo Tao for 20%, independent third parties to the Group, at cash considerations of HK$29,591,837 and HK$20,408,163 respectively. Bartha International and its subsidiaries are principally engaged in provision of financial services. Details are set out in the Company's announcement dated 15 January 2020. The disposal was completed on 17 January 2020 on which date control of the subsidiary passed to the acquirers.

The net assets of the subsidiary disposed of at the date of disposal are as follows:

	HK$'000
Property, plant and equipment	1,195
Intangible assets	7,978
Right-of-use assets	4,688
Deposits	4,156
Trade and other receivables	102,409
Bank balances – segregated accounts	44,286
Bank balances and cash	34,001
Trade and other payables	(66,925)
Lease liabilities	(4,748)
Convertible bonds	(48,966)
Deferred tax liabilities	(813)
	77,261
Gain on disposal of a subsidiary	
Consideration received and receivable	50,000
Compensation to previous purchaser	(1,000)
Net assets disposed of	(77,261)
Non-controlling interest	29,836
Convertible bonds issued by Bartha International	9,230
Gain on disposal of a subsidiary	10,805
Consideration received and receivable	
Cash received	10,861
Receivables *(note 25)*	39,139
	50,000
Net cash outflow arising on disposal	
Cash consideration received	10,861
Compensation paid	(1,000)
Cash and cash equivalents disposed	(34,001)
	(24,140)

39. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2020 *(continued)*

(iii) Future Games

On 22 January 2020, the Group disposed of its 100% equity interest in Future Games and the amount due from Future Games to the Group of HK$24,543,000 (the "Sale Loan") to Mr. Zhang Shurong, an independent third party to the Group, at a cash consideration of HK$1. Details are set out in the Company's announcement dated 22 January 2020. Future Games and its subsidiaries are principally engaged in provision of blockchain services. The disposal was completed on 22 January 2020 on which date control of the subsidiary passed to the acquirer.

The net liabilities of the subsidiary disposed of at the date of disposal are as follows:

	HK$'000
Property, plant and equipment	44,983
Right-of-use assets	617
Trade and other receivables	8,008
Crypto currencies	232
Bank balances and cash	14,399
Trade and other payables	(82,720)
Lease liabilities	(618)
Deferred income	(883)
Amount due to immediate shareholder	(24,543)
Borrowings	(165,417)
Loan from a related company	(14,850)
Deferred tax liabilities	(2)
	(220,794)
Gain on disposal of a subsidiary	
Consideration received and receivable	–
Net liabilities disposed of	220,794
Non-controlling interest	(105,692)
Cumulative exchange differences in respect of the net liabilities of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	423
Gain on disposal of a subsidiary	115,525
Sale Loan	(24,543)
Net gain on disposal of a subsidiary and the sale loan	90,982
Net cash outflow arising on disposal	
Cash consideration received	–
Cash and cash equivalents	(14,399)
	(14,399)

39. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2020 *(continued)*

(iv) Novel Idea

On 27 August 2019, the Group disposed of its 55% equity interest in Novel Idea to Hega Incorporation Limited, an independent third party to the Group, at a consideration of HK$45,000,000. Details are set out in the Company's announcement dated 27 August 2019. Novel Idea and its subsidiaries are principally engaged in provision of blockchain services. The disposal was completed on 27 August 2019 on which date control of the subsidiary passed to the acquirer.

The net assets of the subsidiary disposed of at the date of disposal are as follows:

	HK$'000
Property, plant and equipment	5
Other receivables	1,517
Cash and cash equivalents	98
Other payables	(557)
Borrowings	(71)
	992
Gain on disposal of a subsidiary	
Consideration received and receivable	45,000
Net assets disposed of	(992)
Non-controlling interest	(1,469)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	55
Gain on disposal of a subsidiary	42,594
Consideration received and receivable	
Cash received	4,500
Promissory note *(note 18)*	40,500
	45,000
Net cash inflow arising on disposal	
Cash consideration received	4,500
Cash and cash equivalents	(98)
	4,402

(v) Insignificant subsidiaries

During the year ended 31 March 2020, the Group deregistered or disposed of certain insignificant subsidiaries. The net loss on disposal of these insignificant subsidiaries was HK$176,000.

40. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES

The Group had the following changes in its ownership interest in a subsidiary that did not result in a loss of control.

Deemed disposal of equity interest in a subsidiary

For the year ended 31 March 2021

(i) BITOCEAN

During the year ended 31 March 2021, BITOCEAN, a subsidiary of the Company, issued 3,863 ordinary shares at approximately JPY 14,000 per share (equivalent to approximately HK$1,000 per share) to its minority shareholders. Upon issuance of new shares of BITOCEAN, the Group's equity interest in BITOCEAN has been diluted to approximately 59.3%. The dilution of the Group's interest in BITOCEAN constituted a deemed disposal of the Group's equity interest in subsidiary ("Deemed Disposal").

Accordingly, no expected gain or loss will be accrued to the Company as a result of Deemed Disposal and the financial results of Bitocean will continue to be consolidated into and reflected in the financial statements of the Group. This resulted in an increase in non-controlling interests of approximately HK$65,336,000 and decrease in equity attributable to owners of the Company of approximately HK$61,386,000. A schedule of the effect of deemed disposal of interest is as follow:

	HK$'000
Carrying amount of non-controlling interest disposed	65,336
Capital contribution from non-controlling shareholders	(3,950)
Amount recognised in capital reserve	61,386

(ii) In addition, there was change in ownership interest without loss of control over an insignificant subsidiary, resulting in increase in non-controlling interest and decrease in capital reserve of HK$561,000.

Deemed acquisition of additional interest in subsidiaries

For the year ended 31 March 2020

(i) CVP Capital

During the year ended 31 March 2020, CVP Capital issued 2,000,000 ordinary shares at HK$1 per share to CVP Financial and the Group's ownership in CVP Capital was increased from 57.75% to 59.98%. This resulted in an increase in non-controlling interests and decrease in equity attributable to owners of the Company of approximately HK$711,000. A schedule of the effect of deemed acquisition of additional interest is as follow:

	HK$'000
Carrying amount of non-controlling interest acquired and recognised in capital reserve within equity	(711)

(ii) BITOCEAN

During the year ended 31 March 2020, BITOCEAN issued 3,110 ordinary shares at approximately JPY27,000 per share (equivalent to approximately HK$2,000 per share) to Madison Lab and the Group's ownership in BITOCEAN was increased from 85.36% to 94.93%. This resulted in a decrease in non-controlling interests and increase in equity attributable to owners of the Company of approximately HK$48,447,000. A schedule of the effect of deemed acquisition of additional interest is as follow:

	HK$'000
Carrying amount of non-controlling interest acquired and recognised in capital reserve within equity	48,447

41. RETIREMENT BENEFITS SCHEME

Hong Kong

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of the relevant payroll costs and up to maximum of HK$1,500 per month for each employee to the scheme, to which the same amount of contribution is matched by employees.

The PRC

Employees of the subsidiaries in the PRC are members of the state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit plan to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the required contributions.

There were no forfeited contributions utilised to offset employers' contributions for the year. The employers' contributions which have been dealt with in the consolidated statements of profit or loss and other comprehensive income were as follows:

	2021 **HK$'000**	2020 HK$'000 (Restated)
Continuing operations		
Employers' contributions charged to the consolidated statements of profit or loss and other comprehensive income	**1,678**	3,446
Discontinued operations		
Employers' contributions charged to the consolidated statements of profit or loss and other comprehensive income	**53**	120

42. SHARE-BASED PAYMENT TRANSACTIONS

The Company has conditionally adopted a share option scheme pursuant to a written resolution of the shareholders of the Company passed on 21 September 2015 (the "Share Option Scheme") for the purpose of providing incentives or rewards to eligible persons for their contribution to the Group and/or enabling the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

On 17 December 2015, the Company granted an aggregate of 18,100,000 share options (the "Share Options") to the grantees of the Company, to subscribe, in aggregate, for up to 18,100,000 ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme.

Upon the share subdivision becoming effective on 8 November 2016, adjustments had been made to the exercise price of the outstanding Share Options and the number of subdivided shares to be allotted and issued (the "Subdivided Shares(s)") upon full exercise of subscription rights attaching to the outstanding Share Options in the following manner:

	Immediately before the Share Subdivision becoming effective		**Immediately after the Share Subdivision becoming effective**	
Date of grant	**Number of Share Options to be issued**	**Exercise price per Share Option**	**Adjusted number of Subdivided Shares to be issued**	**Adjusted exercise price per Subdivided Share**
17 December 2015	18,100,000	HK$8.00	181,000,000	HK$0.80

Save for the above adjustments, all other terms and conditions of the outstanding Share Options granted under the Share Option Scheme remain unchanged. Details of the adjustments to the Share Options upon the share subdivision are disclosed in the announcement of the Company dated 7 November 2016.

42. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

On 3 April 2018, the Company granted an aggregate of 219,000,000 Share Options to the employees, directors and consultants of the Company, to subscribe, in aggregate, for up to 219,000,000 ordinary shares of HK$0.001 each in the share capital of the Company at exercise price of HK$1.89 each per share. For details, please refer to the announcement of the Company dated 3 April 2018.

On 17 August 2018, resolutions were passed by the then shareholders of the Company granting general and unconditional mandates to exercise the powers of the Company to, among other things, refresh the then scheme mandate limit of up to 10% of the total number of shares in issue as at the date of passing the resolution, for which the maximum number of shares which may be issued under the refreshed scheme mandate limit was 428,330,871.

On 13 December 2018, the Company granted an aggregate of 48,000,000 share options to the consultants of the Company, to subscribe, in aggregate, for up to 48,000,000 Shares at exercise price of HK$1.12 each per Share. For details, please refer to the announcement of the Company dated 13 December 2018.

On 6 December 2019, the Company granted an aggregate of 355,400,000 share options to the employees, directors and consultants of the Company, to subscribe, in aggregate, for up to 355,400,000 Shares at exercise price of HK$0.207 each per share. For details, please refer to the announcement of the Company dated 6 December 2019.

At 31 March 2021, the number of shares in respect of which options had been granted and remained outstanding under the Share Scheme was 508,400,000 shares (2020: 784,900,000 shares), representing 8.2% (2020: 15.1%) of the total number of shares of the Company in issue at that date. On 31 July 2020, ordinary resolutions had been passed by the Company's shareholders to refresh the scheme mandate limit under the Share Option Scheme, such that the maximum number of shares that can be allotted and issued upon the exercise of Share Options which may be granted by the Company under the scheme mandate limit so refreshed would be 519,272,689 shares, being 10% of the total number of issued shares as at the date of passing of the resolution approving the said refreshment.

No option had been granted for the year ended 31 March 2021. During the year ended 31 March 2020, the total estimated fair values of the options granted are HK$25,286,000. Fair value of share options granted to consultants was measured at market prices for their services provided.

The fair values of the share options granted to directors or employees during the year ended 31 March 2020 were calculated using the Binomial model. The inputs into the model were as follows:

	2020
Weighted average share price (HK$)	0.206-0.325
Weighted average exercise price (HK$)	0.207-0.325
Expected volatility	59.126-59.774%
Expected life (years)	10
Risk-free rate	1.018-1.575%
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price and reference to the companies in the similar industry.

Share-based payment expenses, net of reversal of previously recognised share-based payment of HK$7,468,000 in respect of share options not fully vested at the time when they were lapse due to resignation of grantees, amounted to HK$3,219,000 were credited (2020: approximately HK$7,763,000 were charged) to profit or loss by the Group for the year ended 31 March 2021 in relation to share options granted by the Company.

42. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Details of the Company's share options held by grantees are as follows:

Category of participant	Date of grant	Outstanding at 31 March 2020	Outstanding at 31 March 2021	Vesting period	Exercise period	Exercise price per share
Shareholders	17 December 2015	21,000,000	21,000,000	17 December 2015 to 16 June 2016	17 June 2016 to 16 December 2025	HK$0.80
Consultants	17 December 2015	160,000,000	160,000,000	17 December 2015 to 16 June 2016	17 June 2016 to 16 December 2025	HK$0.80
Directors	3 April 2018	5,900,000	5,900,000	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK$1.89
Employees	3 April 2018	10,000,000	8,500,000	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK$1.89
Consultants	3 April 2018	184,600,000	184,600,000	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK$1.89
Consultants	13 December 2018	48,000,000	48,000,000	13 December 2018 to 30 June 2019	1 July 2019 to 12 December 2028	HK$1.12
Directors	6 December 2019	59,900,000	8,000,000	6 December 2019 to 5 December 2020	6 December 2020 to 5 December 2029	HK$0.207
Directors	6 December 2019	59,900,000	8,000,000	6 December 2019 to 5 December 2021	6 December 2021 to 5 December 2029	HK$0.207
Consultants	6 December 2019	51,900,000	25,950,000	6 December 2019 to 5 December 2020	6 December 2020 to 5 December 2029	HK$0.207
Consultants	6 December 2019	51,900,000	25,950,000	6 December 2019 to 5 December 2021	6 December 2021 to 5 December 2029	HK$0.207
Employees	6 December 2019	65,900,000	6,250,000	6 December 2019 to 5 December 2020	6 December 2020 to 5 December 2029	HK$0.207
Employees	6 December 2019	65,900,000	6,250,000	6 December 2019 to 5 December 2021	6 December 2021 to 5 December 2029	HK$0.207

42. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

The following table discloses movements of the Company's share options held by grantees during the years:

During the year ended 31 March 2021

Category of participant	**Outstanding at 1 April 2020**	**Granted during the year**	**Lapsed during the year**	**Outstanding at 31 March 2021**
Directors	**120,700,000**	**–**	**(98,800,000)**	**21,900,000**
Employees	**141,800,000**	**–**	**(120,800,000)**	**21,000,000**
Shareholders	**21,000,000**	**–**	**–**	**21,000,000**
Consultants	**501,400,000**	**–**	**(56,900,000)**	**444,500,000**
	784,900,000	**–**	**(276,500,000)**	**508,400,000**
Exercisable at 31 March 2021				**468,200,000**
Weighted average exercise price (HK$)	**0.8**	**–**	**0.2**	**1.2**

During the year ended 31 March 2020

Category of participant	Outstanding at 1 April 2019	Granted during the year	Lapse during the year	Outstanding at 31 March 2020
Directors	7,900,000	119,800,000	(7,000,000)	120,700,000
Employees	10,300,000	143,300,000	(11,800,000)	141,800,000
Shareholders	21,000,000	–	–	21,000,000
Consultants	439,600,000	103,800,000	(42,000,000)	501,400,000
	478,800,000	366,900,000	(60,800,000)	784,900,000
Exercisable at 31 March 2020				429,500,00
Weighted average exercise price (HK$)	1.3	0.2	1.0	0.8

43. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following balances and transactions with related parties:

(a) The balances with related parties at the end of the reporting period are disclosed elsewhere in the consolidated financial statements.

(b) During the year ended 31 March 2021 and 2020, the Group had following material transactions with its related party:

Name of related party	Nature of transaction	2021 HK$'000	2020 HK$'000
Bartha Holdings	Interest expenses on convertible bonds	**11,387**	13,642
CVP Holdings	Interest expenses on promissory note	**430**	1,211
CVP Financial Group Limited ("CVP")	Interest expenses on promissory note	**24,842**	13,405
Mr. Ting	Commission income	**–**	224
	Storage income	**207**	168
Lucky Targets Arts Limited ("Lucky Targets")	Purchase of wine	**637**	–
Ip Cho Yin	Interest expenses on loan from a director	**2,789**	3,800
SRA INC.	Interest expenses on loan from a subsidiary of non-controlling shareholder	**2,196**	3,226
Firebird Global	Consideration received for disposal of Auction Business *(note (39(i))*	**2,000**	–

Note a: Bartha Holdings is 88.90% beneficially owned by Mr. Ting.

Note b: CVP Holdings is 100% beneficially owned by Mr. Ting.

Note c: CVP, Lucky Targets and Firebird Global 100% beneficially owned by Mr. Ting.

Note d: Mr Ting is a substantial shareholder of the Company.

Note e: Ip Cho Yin is a non-executive director of the Company.

(c) The remuneration of directors and other members of key management during the year are as follows:

	2021 HK$'000	2020 HK$'000
Short-term benefits	**5,900**	9,137
Post-employment benefits	**111**	124
Equity-settled share-based payment expenses	**(1,475)**	3,031
	4,536	12,292

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

			Non-cash changes					
	1/4/2020 HK$'000	**Financing cash flows** HK$'000	**Finance cost incurred** HK$'000	**Interests accrued** HK$'000	**Offset against Other receivables** HK$'000	**Recognition of right of use assets** HK$'000	**Foreign exchange movements** HK$'000	**31/3/2021** HK$'000
Amount due to a shareholder	296	–	–	–	–	–	–	296
Amount due to a director	164	(164)	–	–	–	–	–	–
Amount due to non-controlling shareholder	–	2	–	–	–	–	–	2
Loan from a director	38,000	(38,000)	2,789	(2,789)	–	–	–	–
Loan from a subsidiary of non-controlling shareholder	107,100	–	2,196	(2,196)	–	–	(1,800)	105,300
Interest payable (included in trade and other payables)	3,480	(17,432)	–	14,462	–	–	–	510
Borrowings	103,992	(54,000)	9,477	(9,477)	–	–	–	49,992
Convertible bonds *(Note 33)*	121,757	–	11,387	–	–	–	–	133,144
Promissory note *(Note 36)*	167,920	(119,525)	25,272	–	(14,000)	–	–	59,667
Lease liabilities	14,841	(10,226)	332	–	–	299	(578)	4,668
	557,550	(239,345)	51,453	–	(14,000)	299	(2,378)	353,579

			Non-cash changes						
	1/4/2019 HK$'000	Financing cash flows HK$'000	Finance cost incurred HK$'000	Interests accrued HK$'000	Government grants HK$'000	Recognition of right of use assets HK$'000	Disposal of subsidiaries HK$'000	Foreign exchange movements HK$'000	31/3/2020 HK$'000
Amount due to a shareholder	–	296	–	–	–	–	–	–	296
Amount due to a director	1,081	(917)	–	–	–	–	–	–	164
Amount due to associates	2,832	(2,832)	–	–	–	–	–	–	–
Amount due to non-controlling shareholder	707	(707)	–	–	–	–	–	–	–
Loan from a director	38,000	–	3,800	(3,800)	–	–	–	–	38,000
Loan from a subsidiary of non-controlling shareholder	106,350	–	3,226	(3,226)	–	–	–	750	107,100
Loan from a related company	14,063	787	–	–	–	–	(14,850)	–	–
Interest payable (included in trade and other payables)	21,389	(31,780)	–	27,010	–	–	(13,139)	–	3,480
Borrowings	369,088	(90,024)	19,233	(19,233)	–	–	(165,488)	(9,584)	103,992
Convertible bonds *(Note 33)*	157,832	–	13,642	(751)	–	–	(48,966)	–	121,757
Promissory note *(Note 36)*	153,304	–	14,616	–	–	–	–	–	167,920
Deferred income	1,159	1,404	–	–	(1,680)	–	(883)	–	–
Lease liabilities	12,557	(12,065)	964	–	–	18,813	(5,366)	(62)	14,841
	878,362	(135,838)	55,481	–	(1,680)	18,813	(248,692)	(8,896)	557,550

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries as at 31 March 2021 and 2020 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Place of operation	Class of share held	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the Group				Percentage of proportion of voting power held by the Company				Principal activities
					2021		2020		2021		2020		
					Directly	Indirectly	Directly	Indirectly	Directly	Indirectly	Directly	Indirectly	
Madison International	Republic of Seychelles ("Seychelles") 21 November 2013	Hong Kong	Ordinary shares	US$10,870/ US$10,870	100%	–	100%	–	100%	–	100%	–	Investment holding
Madison (China) Limited	Hong Kong 14 April 1997	Hong Kong	Ordinary shares	HK$10,000/ HK$10,000	–	100%	–	100%	–	100%	–	100%	Sales of alcoholic beverages
Madison Wine Club Limited	Hong Kong 12 January 2012	Hong Kong	Ordinary shares	HK$1/HK$1	–	100%	–	100%	–	100%	–	100%	Sales of alcoholic beverages and wine storage
CVP Financial	BVI 21 September 2016	Hong Kong	Ordinary shares	US$10,000/ US$10,000	89.34%	–	89.34%	–	89.34%	–	89.34%	–	Investment holding
Pure Horizon Holdings Limited	BVI 23 June 2016	Hong Kong	Ordinary shares	US$1/US$1	100%	–	100%	–	100%	–	100%	–	Investment holding
CVP Capital	Hong Kong 20 May 2014	Hong Kong	Ordinary shares	HK$9,300,000/ HK$9,300,000	–	59.98%	–	59.98%	–	67.14%	–	67.14%	Business consultancy
Madison Auction Limited	Hong Kong 9 January 2018	Hong Kong	Ordinary shares	HK$1/HK$1	–	–	–	100%	–	–	–	100%	Provision of wine auction services
CVP Investment Holdings Limited	Hong Kong 28 June 2017	Hong Kong	Ordinary shares	HK$1/HK$1	–	89.34%	–	89.34%	–	100%	–	100%	Investment holding
BITOCEAN	Japan 12 May 2014	Japan	Ordinary shares	JPY 200,000,000/ JPY 200,000,000	–	59.28%	–	94.93%	–	59.28%	–	94.93%	Blockchain service business
Hackett	Seychelles 3 September 2014	Hong Kong	Ordinary shares	US$100/ US$1,000,000	77%	–	77%	–	77%	–	77%	–	Investment holding
Starlight Financial Holdings Limited	Hong Kong 3 June 2011	Hong Kong	Ordinary shares	HK$234,000,000/ HK$234,000,000	–	53.9%	–	53.9%	–	70%	–	70%	Investment holding
China Runking Financing Group Limited	Hong Kong 15 February 2013	Hong Kong	Ordinary shares	HK$1/HK$1	–	53.9%	–	53.9%	–	100%	–	100%	Loan financing services
City Eagle Holdings Limited	Hong Kong 27 June 2011	Hong Kong	Ordinary shares	HK$100/ HK$100	–	53.9%	–	53.9%	–	100%	–	100%	Investment holding
Wine Financier Limited	Hong Kong 11 September 2014	Hong Kong	Ordinary shares	HK$10,000/ HK$10,000	–	77%	–	77%	–	100%	–	100%	Referral financing services
Chongqing Run Kun Management Consulting Company Limited# ("重慶潤坤企業管理諮詢有限公司")	The PRC 17 June 2013	The PRC	Registered capital	HK$10,000,000/ HK$10,000,000	–	53.9%	–	53.9%	–	100%	–	100%	Financial consulting services
Run Tong Credit (Liangjiang District Chongqing) Co. Ltd.# ("重慶市兩江新區潤通小額貸款有限公司")	The PRC 18 October 2011	The PRC	Registered capital	US$30,000,000/ US$30,000,000	–	53.9%	–	53.9%	–	100%	–	100%	Loan financing services and microfinance services

\# The English translation is for identification only.

In the opinion of the directors of the Company, the subsidiaries of the Company listed in the above table principally affected the results, assets and liabilities of the Group. To give details of other subsidiaries would result in particular of excessive length.

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

The subsidiaries established in the PRC disclosed above are limited liability.

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(continued)*

Composition of the Group

Information about the composition of the Group other than the principal subsidiaries disclose above at the end of the reporting period is as follows:

Principal activities	Places of incorporation	Number of wholly-owned subsidiaries	
		2021	2020
Investment holding	Hong Kong	**8**	8
	BVI	**3**	4
	Seychelles	**2**	2
	Cayman	**1**	1
Loan financing services	The PRC	**2**	–
		16	15

Principal activities	Places of incorporation	Number of non-wholly-owned subsidiaries	
		2021	2020
Investment holding	Hong Kong	**5**	5
	The PRC	**3**	3
Financial services	Hong Kong	**1**	1
Loan financing services	The PRC	**–**	1
		9	10

Details of non-wholly-owned subsidiaries that have material non-controlling interests to the Group are disclosed below.

Details of non-wholly owned subsidiary that have material non-controlling interests

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

Name of subsidiary	Place of incorporation/ principal place of business	Proportion of ownership interests held by non-controlling interests		Voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interest	
		2021	2020	**2021**	2020	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
CVP Financial	BVI/Hong Kong	**10.66%**	10.66%	**10.66%**	10.66%	**(2,189)**	(7,250)	**(18,265)**	(16,076)
Hackett	Seychelles/Hong Kong	**23%**	23%	**23%**	23%	**(783)**	(3,727)	**186,844**	173,554
Bitocean	Japan	**40.72%**	5.07%	**40.72%**	5.07%	**(13,002)**	(3,143)	**59,433**	9,057
Diginex HPC	Gibraltar	**N/A**	N/A	**N/A**	N/A	**N/A**	(24,717)	**N/A**	N/A
Individual immaterial subsidiaries with non-controlling interests						**(6)**	(523)	**(75)**	(612)
Total						**(15,980)**	(39,360)	**227,937**	165,923

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(continued)*

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

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests are set out below. The summarised financial information below represents amounts before intra-group eliminations.

CVP Financial

	2021 HK$'000	2020 HK$'000
Current assets	**42,371**	150,251
Non-current assets	**33,546**	32,688
Current liabilities	**(265,545)**	(358,891)
Non-current liabilities	**–**	(6)
Equity attributable to owner of the Company	**(171,363)**	(159,882)
Non-controlling interests	**(18,265)**	16,076

	2021 HK$'000	2020 HK$'000
Revenue	**–**	3,100
Expenses	**(14,590)**	(53,724)
Loss for the year and total comprehensive expense for the year	**(14,590)**	(50,624)
Loss for the year and total comprehensive expense for the year attributable to owners of the Company	**(12,401)**	(43,374)
Loss for the year and total comprehensive expense for the year attributable to non-controlling interests	**(2,189)**	(7,250)

	2021 HK$'000	2020 HK$'000
Net cash inflow (outflow) from operating activities	**104,558**	(34,823)
Net cash inflow from investing activities	**726**	280,228
Net cash outflow from financing activities	**(104,901)**	(312,405)
Net cash inflow (outflow)	**383**	(67,000)

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(continued)*

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

Hackett

	2021 **HK$'000**	2020 HK$'000
Current assets	**524,254**	542,176
Non-current assets	**39,793**	48,638
Current liabilities	**(134,441)**	(188,351)
Non-current liabilities	**(933)**	(2,305)
Equity attributable to owner of the Company	**241,829**	226,604
Non-controlling interests	**186,844**	173,554

	2021 **HK$'000**	2020 HK$'000
Revenue	**52,274**	86,547
Expenses	**(54,285)**	(96,784)
Loss for the year and total comprehensive expense for the year	**(2,011)**	(10,237)
Loss for the year and total comprehensive expense for the year attributable to owners of the Company	**(1,228)**	(6,510)
Loss for the year and total comprehensive expense for the year attributable to non-controlling interests	**(783)**	(3,727)

	2021 **HK$'000**	2020 HK$'000
Net cash inflow from operating activities	**20,268**	149,756
Net cash inflow (outflow) from investing activities	**476**	(110,467)
Net cash outflow from financing activities	**(49,849)**	(12,078)
Net cash (outflow) inflow	**(29,105)**	27,211

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(continued)*

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

Bitocean

	2021 **HK$'000**	2020 HK$'000
Current assets	**1,159**	1,576
Non-current assets	**146,247**	179,898
Current liabilities	**(573)**	(746)
Non-current liabilities	**(88)**	–
Equity attributable to owner of the Company	**87,312**	171,671
Non-controlling interests	**59,433**	9,057

	2021 **HK$'000**	2020 HK$'000
Revenue	**–**	–
Expenses	**(33,819)**	(14,770)
Loss for the year and total comprehensive expense for the year	**(33,819)**	(14,770)
Loss for the year and total comprehensive expense for the year attributable to owners of the Company	**(20,817)**	(11,627)
Loss for the year and total comprehensive Expense for the year attributable to non-controlling interests	**(13,002)**	(3,143)

	2021 **HK$'000**	2020 HK$'000
Net cash outflow from operating activities	**(4,028)**	(14,769)
Net cash outflow from investing activities	**(252)**	–
Net cash inflow from financing activities	**4,521**	6,409
Net cash inflow (outflow) inflow	**241**	(8,360)

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(continued)*

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

Diginex HPC

	1 April 2019 to 22 January 2020 (date of disposal) HK$'000
Revenue	30,141
Expenses	(338,075)
Loss for the period and total comprehensive expense for the period	(307,934)
Loss for the period and total comprehensive expense for the period attributable to owners of the Company	(283,217)
Loss for the period and total comprehensive expense for the period attributable to non-controlling interests	(24,717)

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 HK$'000	2020 HK$'000
Non-current assets		
Investments in subsidiaries	**429,051**	429,051
Plant and equipment	**68**	128
	429,119	429,179
Current assets		
Other receivables	**341**	281
Amount due from a subsidiary	**127,820**	237,751
Bank balances	**1,828**	51
	129,989	238,083
Current liabilities		
Other payables	**2,692**	3,397
Amounts due to subsidiaries	**140,946**	111,368
Borrowings	**49,992**	103,992
Derivative financial instrument	**6,974**	59,205
Promissory notes payables	**59,667**	167,920
	260,271	445,882
Net current liabilities	**(130,282)**	(207,799)
Total assets less current liabilities	**298,837**	221,380
Capital and reserves		
Share capital	**6,231**	5,193
Reserves *(Note)*	**159,462**	94,430
Total equity	**165,693**	99,623
Non-current liabilities		
Convertible bonds	**133,144**	121,757
	298,837	221,380

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

Reserves of the Company

	Share premium HK$'000	**Other reserve** HK$'000 *(Note a)*	**Capital reserve** HK$'000 *(Note b)*	**Share options reserve** HK$'000	**Convertible bonds – equity conversion reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 April 2019	1,257,060	62,217	(20,144)	30,607	174,782	(540,586)	963,936
Loss for the year end and total comprehensive expense for the year	–	–	–	–	–	(877,269)	(877,269)
Recognition of equity-settled share-based payments expenses	–	–	–	7,763	–	–	7,763
Lapse of share options	–	–	–	(8,747)	–	8,747	–
At 31 March 2020	1,257,060	62,217	(20,144)	29,623	174,782	(1,409,108)	94,430
Profit for the year end and total comprehensive income for the year	–	–	–	–	–	3,584	3,584
Issue of shares upon placing *(Note 35)*	56,082	–	–	–	–	–	56,082
Share issue expenses	(1,157)	–	–	–	–	–	(1,157)
Recognition of equity-settled share-based payments expenses	–	–	–	(3,219)	–	–	(3,219)
Lapse of share options	–	–	–	(5,795)	–	5,795	–
Lapse of put options *(note 34(a))*	–	–	20,144	–	–	(10,402)	9,742
At 31 March 2021	1,311,985	62,217	–	20,609	174,782	(1,410,131)	159,462

Notes:

(a) Other reserve represents the difference between the nominal value of the shares issued for the acquisition of Madison International and the consolidated net asset values of Madison International and its subsidiaries at the date of acquisition.

(b) Capital reserve represents a fair value of put option amounting to approximately HK$20,144,000 exercisable by non-controlling shareholders was recorded upon initial recognition, as detailed in note 34(a) to the consolidated financial statements.

47. EVENTS AFTER THE REPORTING PERIOD

On 17 June 2021, a direct wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with the an independent third party ("Purchaser"), pursuant to which the Group agreed to sell and the Purchaser agreed to purchase, the entire issued share capital of the Madison Lab, an indirect wholly-owned subsidiary of the Company. Details are set out in the Company's announcement dated 17 June 2021.

FINANCIAL SUMMARY

RESULTS

For the year ended 31 March

	2021 **HK$'000**	2020 HK$'000 (Restated)	2019 HK$'000	2018 HK$'000	2017 HK$'000
Revenue	**106,896**	196,535	310,352	269,584	139,912
Loss before tax	**(46,030)**	(322,532)	(403,088)	(121,142)	(16,366)
Income tax (expense) credit	**(4,918)**	4,250	(16,627)	(6,742)	374
Loss for the year and total comprehensive expense for the year attributable to:					
Owners of the Company	**(34,968)**	(278,922)	(369,244)	(123,969)	(15,638)
Non-controlling interests	**(15,980)**	(39,360)	(50,471)	(3,915)	(354)

ASSETS AND LIABILITIES

As at 31 March

	2021 **HK$'000**	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Total assets	**649,423**	863,514	1,536,880	1,027,598	162,935
Total liabilities	**(410,331)**	(665,599)	(1,074,689)	(485,060)	(8,712)
Total equity	**239,092**	197,915	462,191	542,538	154,223