CL GROUP (HOLDINGS) LIMITED
昌利(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8098

ANNUAL REPORT
2021

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

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

CONTENTS

Corporate Information	3
Chief Executive Officer's Statement	4
Management Discussion and Analysis	5
Corporate Governance Report	11
Environmental, Social and Governance Report	18
Biographical Details of Directors	25
Report of Directors	26
Independent Auditor's Report	34
Consolidated Statement of Profit or Loss and Other Comprehensive Income	39
Consolidated Statement of Financial Position	40
Consolidated Statement of Changes in Equity	41
Consolidated Statement of Cash Flows	42
Notes to the Consolidated Financial Statements	44
Financial Summary	106

CORPORATE INFORMATION

DIRECTORS
Executive Directors
Mr. Kwok Kin Chung *(Chief Executive Officer)*
Mr. Lau Kin Hon
Ms. Yu Linda

Independent Non-executive Directors
Mr. Poon Wing Chuen
Mr. Wang Rongqian
Mr. Hu Chao

AUTHORISED REPRESENTATIVES
Mr. Lau Kin Hon
Mr. Yu Lap Pan

AUDIT COMMITTEE MEMBERS
Mr. Poon Wing Chuen *(Chairman)*
Mr. Wang Rongqian
Mr. Hu Chao

NOMINATION COMMITTEE MEMBERS
Mr. Hu Chao *(Chairman)*
Mr. Kwok Kin Chung
Mr. Poon Wing Chuen

REMUNERATION COMMITTEE MEMBERS
Mr. Wang Rongqian *(Chairman)*
Mr. Lau Kin Hon
Mr. Poon Wing Chuen

COMPLIANCE OFFICER
Lau Kin Hon, *Practicing solicitor in Hong Kong*

COMPANY SECRETARY
Yu Lap Pan, *FCCA, CPA, ACG, ACS*

AUDITORS
Confucius International CPA Limited
(Certified Public Accountants)

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
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Grand Cayman, KY1-1111
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
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PRINCIPAL BANKERS
Bank of Communications
China Construction Bank (Asia)
Dah Sing Bank
Industrial and Commercial Bank of China
OCBC Wing Hang Bank

STOCK CODE
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WEBSITE OF THE COMPANY
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CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

I am pleased to present to all shareholders the annual results of CL Group (Holdings) Limited (the "Company"), with its subsidiaries, (the "Group") for the year of 2020/21.

During the year under review, the Hong Kong financial market has negatively affected by China-US tension and the COVID-19 pandemic. At as 31 March 2021, the Hang Seng Index recorded as 28,378 representing approximately 20.2% increase as compared with 23,603 as at 31 March 2020.

During the reporting period, the Group recorded total revenue and investment income of approximately HK$52.2 million, representing an increase of approximately 22.1% compared to the previous financial year. Profit attributable to the owners of the Company in the financial year of 2020/21 amounted to approximately HK$15.2 million, representing a decrease of approximately 35.4%. The Group continuously maintained a balanced investment portfolio by holding a variety of stable income investments such as debt securities. As of March 31, 2021, the value of the Group's investment portfolio was approximately HK$75.7 million as compared to the previous financial year of approximately HK$54.1 million.

Our diversified revenue streams encompass both interest income and non-interest income in the form of commissions, fees and other revenues. Despite uncertainties over economic growth, the Group is continuously focusing its efforts by expanding its business by broadening the customer base and strengthening our trading platform. In addition to delivering sustained income and balanced growth, the Group is also committed to the community by fulfilling its social responsibilities.

With the joint efforts of the Board, management and staff, we are confident that we will continue to achieve substantial gains for our shareholders as planning for continuous expansion of our core business and exploring new opportunities.

On behalf of the Board, I would like to take this opportunity to thank the shareholders, customers and business partners for their trust in and continuous support to the Group over the years. We will continue to explore new business ventures in the challenging year ahead and strive for the best returns for our shareholders.

Moreover, I would also like to thank all staff for their tremendous effort and contribution. With a focused senior management and professional team, I believe the Group will succeed in achieving our business goals.

Kwok Kin Chung
Chief Executive Officer

Hong Kong, 24 June 2021

MARKET REVIEW

The financial market faced volatility during the year. The whole year had been shadowed by the China-US tension and the COVID-19 pandemic. The GDP of Hong Kong recorded negative growth in 2020 and the interest rate kept at a low level. Surprisingly, the capital market in Hong Kong recorded a significantly rebound. The market turnover started to improve from the second half of 2020. The Hong Kong IPO market has shown strong vitality. In 2020, many new economy companies with innovative and leading technology launched the IPO in the Hong Kong capital market. Moreover, there is a trend that some of the China-based company which listed in the US capital market start to be second listing in Hong Kong. As of 31 March 2021, the Hang Seng Index increased 20.2% from the last year-end to 28,378 as at 31 March 2021.

BUSINESS REVIEW

Revenue

The Group's total revenue and investment income for the year was approximately HK$52.2 million, as compared with approximately HK$42.7 million in 2020, representing an increase by approximately 22.1% or approximately HK$9.5 million. The breakdown of revenue and investment income by business activities of the Group is set out below:

	Year ended 31 March 2021 *HK$*	**%**	Year ended 31 March 2020 *HK$*	%	**Increase/ (decrease) %**
Revenue					
Commission and brokerage fees from securities dealings on the Stock Exchange	**6,545,721**	**15.9**	7,283,226	16.4	(10.1)
Placing and underwriting commission	**1,964,110**	**4.8**	549,552	1.2	257.4
Commission and brokerage fees from dealing in futures contracts	**458,680**	**1.1**	529,032	1.2	(13.3)
Other service income	**259**	**0.0**	2,123	0.0	(87.8)
Clearing and settlement fee	**1,485,196**	**3.6**	1,143,466	2.6	29.9
Handling service and dividend collection fees	**70,918**	**0.2**	84,006	0.2	(15.6)
Interest income from					
— margin clients	**6,246,091**	**15.2**	10,450,822	23.5	(40.2)
— loan clients	**19,679,716**	**47.8**	20,636,605	46.5	(4.6)
— cash clients	**154,187**	**0.4**	177,760	0.4	(13.3)
— authorised financial institutions	**180,206**	**0.4**	582,728	1.3	(69.1)
— financial assets at fair value through other comprehensive income	**2,749,554**	**6.7**	1,294,475	2.9	112.4
— financial assets at fair value through profit or loss	**1,559,999**	**3.8**	—	0.0	100.0
— others	**22,020**	**0.1**	1,832	0.0	1,102.0
Income derived from:					
— income right	**—**	**0.0**	1,676,905	3.8	(100.0)
— film right	**12,349**	**0.0**	—	0.0	100.0
	41,129,006	**100.0**	44,412,532	100.0	(7.4)
Net gain on trading of financial assets at fair value through profit or loss	**4,419,851**	**40.1**	445,817	(26.1)	891.4
Net gain on derecognition of financial assets at fair value through other comprehensive income	**85,023**	**0.8**	—	0.0	100.0
Net change in fair value of financial assets at fair value through profit or loss	**6,521,348**	**59.1**	(2,153,145)	126.1	NA
	11,026,222	**100.0**	(1,707,328)	100.0	NA
	52,155,228		42,705,204		22.1

Securities and Futures Brokerage

Revenue from Securities and Futures Brokerage represent commission and brokerage fee and other fees including interest derived from cash and margin securities or futures accounts and interest from IPO financing.

The commission and brokerage fee from securities dealing decreased by approximately 10.1% from approximately HK$7.3 million for the year ended 31 March 2020 to approximately HK$6.5 million for the year ended 31 March 2021.

The total value of transactions increased by approximately 37.9% from approximately HK$41,392.7 million for the year ended 31 March 2020 to approximately HK$57,059.0 million for the year ended 31 March 2021. The total value of transactions for securities dealings carried out by the Group for the year ended 31 March 2021 increased as compared with the corresponding period of 2020. As a result, income relating to clearing and settlement fees and handling services also increased by approximately 29.9% from approximately HK$1.2 million for the year ended 31 March 2020 to approximately HK$1.5 million for the year ended 31 March 2021.

The commission and brokerage fees from dealing in futures contracts decreased by approximately 13.3% from approximately HK$0.5 million for the year ended 31 March 2020 to approximately HK$0.4 million for the year ended 31 March 2021.

The interest income derived from margin securities accounts for the year ended 31 March 2021 was approximately HK$6.2 million represents a decrease of approximately 40.2% from that of the year ended 31 March 2020 amounting approximately HK$10.5 million.

Loan and Financing

The Group holds Money Lenders Licence to engage in money lending business for providing loan and financing to customers. During the reporting period, CLC Finance Limited, the Company's wholly-owned subsidiary, provides loan and financing service to customers. The interest income derived from providing loan and finance to customers for the year ended 31 March 2021 was approximately HK$19.7 million (2020: approximately HK$20.6 million).

Placing and Underwriting Business

Under normal circumstances, the Group acts as an underwriter or a sub-underwriter or a placing agent or a sub-placing agent on best effort basis for fund-raising activities. It would take the role on underwritten basis only if it received special requests from the issuers and/or their respective placing and underwriting agents.

During the year ended 31 March 2021, the placing and underwriting commission increased by approximately 257.4% from approximately HK$0.5 million for the year ended 31 March 2020 to approximately HK$2.0 million for the year ended 31 March 2021.

Investment Holding

The Group maintained a portfolio investments included the holding of listed equity securities, bonds and film right. As at 31 March 2021, the value of portfolio of listed equity securities and debt securities was approximately HK$75.7 million (2020: approximately HK$54.1 million). Net gain on trading of financial assets at fair value through profit or loss of approximately HK$4.4 million (2020: approximately HK$0.4 million), net gain in fair value of financial assets at fair value through profit or loss of approximately HK$6.5 million (2020: net fair value loss of approximately HK$2.2 million) and net gain in fair value of financial assets at fair value through other comprehensive income of approximately HK$2.6 million (2020: net loss of approximately HK$2.3 million).

Net other income, gains and losses

Net other income, gains and losses for the year ended 31 March 2021 were approximately HK$0.9 million (2020: approximately HK$4.8 million). The decrease in net gains were mainly attributed to gain on disposal of income right for the year ended 31 March 2020 amounting approximately HK$4.8 million.

Impairment losses under expected credit loss model, net of reversal

Recovery of trade receivables and loans receivables under expected credit loss ("ECL") model for the year ended 31 March 2021 was approximately HK$1.9 million and HK$2.6 million, respectively. The impairment loss under ECL model for the year ended 31 March 2020 was approximately HK$5.0 million. The reversal of impairment loss of trade receivables due to the Group's recovery of trade receivables for the year ended 31 March 2021.

The impairment loss for trade receivables and the impairment loss for loans receivables under ECL model were provided for approximately HK$nil million and HK$20.6 million respectively for the year ended 31 March 2021 (2020: approximately HK$4.0 million and HK$6.4 million respectively).

Administrative Expenses

Administrative expenses for the year ended 31 March 2021 were approximately HK$16.7 million (2020: approximately HK$17.3 million) representing a decrease of approximately 3.1%. The decrease was due to the decreased of payment of commission during the year compared with the corresponding period of 2020. The depreciation of plant and equipment were decreased by approximately 26.3% from approximately HK$0.3 million for the year ended 31 March 2020 to approximately HK$0.2 million for the year ended 31 March 2021. Total staff costs were approximately HK$6.2 million for the year ended 31 March 2021 as compared to approximately HK$6.4 million for the year ended 31 March 2020. Furthermore, general expenses decreased due to the tighter cost control during the year.

Liquidity, Financial Resources and Capital Structure

The Group financed its operations by shareholders' equity and cash generated from operations.

The Group maintained approximately HK$21.0 million of bank deposit, bank balances and cash in general accounts as at 31 March 2021. This represented a decrease of approximately 51.3% as compared with the position as at 31 March 2020 of approximately HK$43.0 million. Most of the Group's cash and bank balances in general accounts were denominated in HK dollars.

The net current assets of the Group increased from approximately HK$164.5 million as at 31 March 2020 to approximately HK$176.8 million as at 31 March 2021 which represents an increase of approximately 7.5%. The current ratio of the Group as at 31 March 2021 was approximately 4.3 times (2020: approximately 5.9 times).

As at 31 March 2021, the Group had available banking facilities of HK$27.5 million which were not utilised (2020: 49.5 million).

The gearing ratio is calculated as total indebtedness divided by total capital. Total indebtedness is total bank borrowings (including current and non-current bank borrowings). Total capital is calculated as "equity", as shown in the consolidated statement of financial position. At the end of the reporting period, the Group's gearing ratio is 9.5% (2020: nil).

Taking into consideration the existing financial resources available to the Group, it is anticipated that the Group should have adequate financial resources to meet its ongoing operating and development requirements.

Charge on Group Assets and Guarantee

As at 31 March 2021, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK$10.0 million (2020: HK$10.0 million) were pledged and corporate guarantee from the Company for securing overdraft and revolving loan facilities amounted to HK$49.5 million (2020: HK$49.5 million) issued by the banks to the Group. As at 31 March 2021, HK$27.5 million of the banking facilities were not utilised (2020: HK$49.5 million).

Contingent liabilities

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

Capital commitments

As at 31 March 2021, the Group had no capital commitments, contracted but not provided for in the consolidated financial statements (2020: nil).

Staff and remuneration policies

The Group believes that staff is our most valuable asset, they are encouraged to pursue excellence at work and career development. We encourage staff to maintain healthy balance between work and life, and communicate with staff to enhance staff morale and their sense of belonging.

Total staff costs (including Directors' emoluments) were approximately HK$6.2 million for the year ended 31 March 2021 as compared to approximately HK$6.4 million for the year ended 31 March 2020.

Remuneration is determined based on the individual's qualification, experience, position, job responsibility and market conditions. Salary adjustments and staff promotion are based on evaluation of staff performance by way of annual review, and discretionary bonuses would be paid to staff with reference to the financial performance of the Group of the preceding financial year. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong, share options that may be granted under the share option scheme.

Future plans for material investments or capital assets

As at 31 March 2021, the Group had no plans for material investments or acquisition of capital assets, but will actively pursue opportunities for investments to enhance the profitability of the Group in its ordinary course of business.

Material Acquisitions of subsidiaries and affiliated companies

The Group has not made any material acquisitions and disposal of subsidiaries and associated companies. As at 31 March 2021 and up to the date of this annual report, the Group did not hold any significant investment.

Significant Investment

As at 31 March 2021, there was no significant investment held by the Group.

Foreign exchange exposure

The Group's business is principally conducted in Hong Kong dollars, the Directors consider that potential foreign exchange exposure of the Group is limited.

RISK MANAGEMENT

Credit Risk

Credit risk exposure represents loans to customer, trade receivables from brokers, clients and clearing houses which principally arise from our business activities. The Group has a credit policy in place and the credit risk is monitored on an on-going basis.

For trade receivables from clients, normally clients are required to settle the amount within 2 days (T+2). Responsible officers will regularly review the overdue balance. The credit risk arising from the trade receivables from clients is considered as small.

For trade receivables from margin clients, normally the Group obtains securities and/or cash deposits as collateral for providing margin financing to clients. Receivables from margin clients are repayable on demand. Market conditions and the adequacy of collateral of each margin clients are monitored by responsible officers on a daily basis. Margin calls and forced liquidation are required when necessary.

For trade receivables from brokers and clearing houses, the Group considered that credit risk is low as those brokers and clearing houses are registered with regulatory bodies.

In order to minimise the credit risk of loans receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue loans receivables, if any. In addition, the Group reviews the recoverable amount of each individual loans receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's loans receivables credit risk is significantly reduced.

The Group does not provide any guarantees which would expose the Group to credit risk.

Liquidity Risk

The Group is subject to the statutory liquidity requirements as prescribed by the regulators. The Group has a monitoring system to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the Securities and Futures (Financial Resources) Rules (Cap.571N of the Laws of Hong Kong).

The Group has maintained stand-by banking facilities to meet any contingency in its operations. The Board believes that the Group's working capital is adequate to meet its long and short term financial obligations.

Foreign Exchange Risk

Certain assets of the Group's business are denominated in foreign currencies which expose 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.

OUTLOOK

With the launch of vaccination schemes in various places around the world, it is expected that the financial and general impact of COVID-19 will start diminishing. The China-US tension may lead to more China-based Company which listed in the US capital market go further to accelerate the process to have a second listing in Hong Kong or moved back to Hong Kong to have a primary listing. It will further stimulate the Hong Kong stock market to become more active. The Group will leverage the knowledge and experience of our management team to seize opportunities as they arise. The Group will continue to grow its brokerage business and placing and underwriting business by broadening clients base and by strengthening our trading platform. The Group will continue to put efforts on expanding the margin and loan financing business and securities advisory service and on satisfying the needs of our customers.

The Group aims to become a leading financial service group in Hong Kong. The Group will continue looking for any potential business opportunities to bring in new sources of income and to further increase the profitability of the Group.

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board is pleased to present this corporate governance report for the year ended 31 March 2021. This report highlights the key corporate governance practices of the Company.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to promoting high standards of corporate governance. The Directors of the Company believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding the shareholders' interests and the Group's assets.

Throughout the year ended 31 March 2021, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 15 of the GEM Listing Rules, expect for the deviation from Code Provision E.1.2 as explained below and the deviation from Code Provision A.2.1 as mentioned in the section headed "Chairman and Chief Executive Officer" in this report.

Under CG Code Provision E.1.2, the chairman of the Board did not attend the annual general meeting held on 4 August 2020. The Group currently has no chairman, Mr. Kwok Kin Chung, chief executive officer and executive Director, was elected to chair the annual general meeting.

CORPORATE GOVERNANCE STRUCTURE

The Board is primarily responsible for formulating strategies, monitoring performance and managing risks of the Group. At the same time, it also has the duty to enhance the effectiveness of the corporate governance practices of the Group. Under the Board, there are 3 board committees, namely Audit Committee, Remuneration Committee and Nomination Committee. All these committees perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry to all the Directors and the Directors have confirmed compliance with this code of conduct throughout the financial year ended 31 March 2021. No incident of non-compliance was noted by the Company during this period.

BOARD OF DIRECTORS

During the year and up to the date of this report, the board comprises the following members:

Executive Directors

Mr. Kwok Kin Chung *(Chief Executive Officer)*
Mr. Lau Kin Hon
Ms. Yu Linda

Independent non-executive Directors

Mr. Poon Wing Chuen
Mr. Wang Rongqian
Mr. Hu Chao

Biographical details of the Directors are set out in the section of "Biographical Details of Directors" on page 25.

The Board has the responsibility for leadership and control of the Company. They are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board is accountable to shareholders for the strategic development of the Group with the goal of maximising long-term shareholder value, while balancing broader stakeholder interests.

The Board meets regularly on a quarterly basis. Apart from the regular board meetings of the year, the Board also meets on other occasions when a Board-level decision on a particular matter is required. All Directors are provided with details of agenda items for decisions making with reasonable notice. Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that the Board procedures are complied with and advising the Board on compliance matters. Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors of the Company, at the expense of the Company. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution.

Generally, the responsibilities of the Board include:

- Formulation of operational strategies and review of its financial performance and results and the internal control systems;
- Policies relating to key business and financial objectives of the Company;
- Material acquisitions, investments, disposal of assets or any significant capital expenditure;
- Appointment, removal or reappointment of Board members and auditors;
- Remuneration of Directors;
- Communication with key stakeholders, including shareholders and regulatory bodies; and
- Recommendation to shareholders on final dividend and the declaration of any interim dividends.

All Directors assume the responsibilities to the shareholders of the Company for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor the Company's overall financial position. The Board updates shareholders on the operations and financial position of the Group through quarterly, half yearly and annual results announcements as well as the publication of timely announcements of other matters as prescribed by the relevant rules and regulations.

The Company has three independent non-executive Directors, at least one of whom has appropriate financial management expertise, in compliance with the GEM Listing Rules. Each of the independent non-executive Director has made an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

According to the Company's articles of association, newly appointed Directors shall hold office until the next following general meeting and shall be eligible for re-election at that meeting. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

DIRECTORS' ATTENDANCE RECORD AT MEETINGS

The Board meets regularly over the Company's affairs and operations. Details of the attendance of each member of the Board at the meetings of the Board and the general meetings during the year ended 31 March 2021 are as follows:

	Attendance/ Number of meeting	
Name of Directors	**Board meetings**	**General meeting**
Executive Directors		
Mr. Kwok Kin Chung *(Chief Executive Officer)*	7/7	1/1
Mr. Lau Kin Hon	7/7	1/1
Ms. Yu Linda	7/7	1/1
Independent non-executive Directors		
Mr. Poon Wing Chuen	7/7	1/1
Mr. Wang Rongqian	7/7	1/1
Mr. Hu Chao	7/7	1/1

TRAINING AND SUPPORT OF DIRECTORS

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Directors confirmed that they have complied with the Code Provision A.6.5 of the Code on Directors' training.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Pursuant to the code provision A.2.1, the roles of Chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

The Group currently has no chairman. The daily operation and management of the Group is monitored by CEO and executive Directors.

The Board is of the view that although there is no chairman, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Group. This arrangement can still enable the Group to make and implement decisions promptly, and thus achieve the Group's objectives efficiently and effectively in response to the changing environment.

The Group will, the appropriate time, arrange for the election of the new chairman of the Board.

NON-EXECUTIVE DIRECTORS

Under the Code Provision A.4.1, all the non-executive Directors should be appointed for a specific term, subject to re-election. Each of the independent non-executive Directors has entered into a service contract with the Company for an initial term of one year renewable for the year upon the expiration of the initial term and each subsequent one year term subject to termination in certain circumstance as stimulated in the relevant service contracts. At each annual general meeting, one third of the Directors for the time being (of if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

REMUNERATION COMMITTEE

A Remuneration Committee was set up on 21 February 2011 to oversee the remuneration policy and structure for all Directors and senior management.

The Remuneration Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Wang Rongqian, Mr. Lau Kin Hon and Mr. Poon Wing Chuen and is chaired by Mr. Wang Rongqian.

The terms of reference of the Remuneration Committee are aligned with the provisions set out in the CG Code. The role of the Remuneration Committee is to recommend to the Board a framework for remunerating the Directors and key executives and to determine specific remuneration packages for them. They are provided with sufficient resources by the Company to discharge its duties.

For the year ended 31 March 2021, the Remuneration Committee held 1 meeting to review and discuss remuneration matters of the Group. The individual attendance of the Committee members is set out below:

Name of committee member	Number of meetings held	Number of meetings attended
Mr. Wang Rongqian *(Chairman)*	1	1
Mr. Lau Kin Hon	1	1
Mr. Poon Wing Chuen	1	1

NOMINATION COMMITTEE

The Board is empowered under the Company's articles of association to appoint any person as a director to fill a casual vacancy on or as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are based on the assessment of their professional qualifications and experience, character and integrity.

The Company has established a Nomination Committee on 21 February 2011 for making recommendations to the Board on appointment of Directors and succession planning for the Directors. The terms of reference of the Nomination Committee are aligned with the provisions set out in CG Code.

The Nomination Committee adopted the "Board Diversity Policy" in relation to the nomination and appointment of new directors. The Nomination Committee selects board candidates based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

The Nomination Committee comprises one executive Director and two Independent non-executive Directors, namely Mr. Hu Chao, Mr. Poon Wing Chuen and Mr. Kwok Kin Chung. Mr. Hu Chao is the Chairman of the Nomination Committee.

For the year ended 31 March 2021, the Nomination Committee held 1 meeting to review and discuss nomination matters of the Group. The individual attendance of the Committee members is set out below:

Name of committee member	Number of meetings held	Number of meetings attended
Mr. Hu Chao *(Chairman)*	1	1
Mr. Kwok Kin Chung	1	1
Mr. Poon Wing Chuen	1	1

AUDIT COMMITTEE

The Company has established an Audit Committee on 21 February 2011 with written terms of reference that set out the authorities and duties of the Audit Committee adopted by the Board.

The Audit Committee comprises the three independent non-executive Directors and headed by Mr. Poon Wing Chuen who has appropriate professional qualifications and experience in financial matters. The terms of reference of the Audit Committee are aligned with the provisions set out in the CG Code. The Audit Committee performs, amongst others, the following functions:

- Consider and recommend to the Board the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor and address any questions of resignation or dismissal of such auditor;
- ensure that co-operation is given by the Company's management to the external auditor where applicable;
- review the Group's quarterly, half yearly and annual results announcements and the financial statements prior to their recommendations to the Board for approval;
- review the Group's financial reporting process and internal control system; and
- review of transactions with interested persons.

For the year ended 31 March 2021, the Committee met on 5 occasions and up to the date of this annual report, the Audit Committee has reviewed the consolidated financial statements, including the accounting principles and practices adopted by the Group, which was of the opinion that such reports were prepared in accordance with the applicable accounting standards and requirements. The Audit Committee has also discussed with the Group's independent auditor and considers the system of the internal control of the Group to be effective and that the Group had adopted the necessary control mechanisms to its financial, operational, statutory compliance and risk management functions. The individual attendance of the Committee members is set out below:

Name of committee member	Number of meetings held	Number of meetings attended
Mr. Poon Wing Chuen *(Chairman)*	5	5
Mr. Wang Rongqian	5	5
Mr. Hu Chao	5	5

DIVIDEND POLICY

Pursuant to code provision E.1.5 of the CG Code, the Company has adopted a dividend policy ("Dividend Policy"). Subject to the Companies Act of the Cayman Islands and the memorandum and articles of association of the Company, the Company may from time to time declare dividends in any currency to be paid to the members of the Company but no dividend shall be declared in excess of the amount recommended by the Board. The Board may also from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the profits of the Company. Declaration of dividends is subject to the discretion of the Board, taking into consideration of, among others, (i) the Group's financial performance; (ii) the Group's capital requirements and debt level; (iii) the Group's liquidity position; (iv) retained earnings and distributable reserves of the Group; (v) the Group's business operations, business strategies and future development needs; (vi) any contractual, statutory and regulatory restrictions; and (vii) the general economic conditions and other factors that may have an impact on the performance and position of the Group. The Board will review the dividend policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the dividend policy at any time as it deems fit and necessary.

AUDITOR'S REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

For the financial year ended 31 March 2021, the remuneration paid/payable to the auditor of the Group is set out as follows:

Services rendered	Paid/payable *HK$*
Statutory audit services	630,000

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has engaged external professionals to conduct independent internal control review for the year ended 31 March 2021. The review will cover parts of the system including financial, operational, compliance control and risk management functions. The Board will continue to assess the effectiveness of internal controls by considering the reviews conducted by the external professionals. The Board reviews the adequacy and effectiveness of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the management of the Company (collectively "risk management and internal controls").

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of risk management and internal controls within the Group to safeguard the interests of the Company's shareholders and the Group's assets, and to manage risks. The Board also acknowledges that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

INTERNAL AUDIT

The Audit Committee of the Company, with its amended Terms of Reference took effect on 31 December 2018, has been delegated the responsibility of reviewing the overall effectiveness of the risk management and internal control system of the Group. An internal audit plan has been prepared, discussed and agreed with the Audit Committee. Major internal audit findings has been submitted to the Audit Committee for review and all recommendations from the Audit Committee was properly followed up.

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance cover on Directors' and officers' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

DIRECTORS RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are ultimately responsible for the preparation of the consolidated financial statements for each financial year which gives a true and fair view. In preparing the consolidated financial statements, appropriate accounting policies and standards are selected and applied consistently.

The statement of the auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 34 to 38 of this annual report.

COMPANY SECRETARY

Mr. Yu Lap Pan ("Mr. Yu") is the Company Secretary of the Company. He is responsible for ensuring that the board policy and procedures are followed and that the Board is briefed on legislative, regulatory and corporate governance developments.

Up to the date of this report, Mr. Yu has undertaken not less than 15 hours of relevant professional training.

INVESTORS RELATIONS

The Company adheres to high standards with respect to the disclosure all necessary information to the shareholders in compliance with GEM Listing Rules. The Company strengthens its communications with shareholders through various channels including publication of interim and annual reports, press release and announcements of the latest development of the Company in its corporate website in a timely manner.

SHAREHOLDERS' RIGHTS

Under the Company's Articles of Association, in addition to regular Board meetings, the Board, on the requisition of shareholders of the Company holding not less than one-tenth of the paid-up capital of the Company, may convene an extraordinary general meeting to address specific issues of the Company within 21 days from the date of deposit of written notice to the registered office of the Company. The requisition must state the purposes of the meeting, and must be signed by the requisitionist(s).

Shareholders may send their enquiries requiring the Board's attention to the Company Secretary at the Company's principal office address at Room 16B, 16th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CL Group (Holdings) Limited (the "Company") is pleased to publish the Environmental, Social and Governance ("ESG") Report for the reporting period from 1 April 2020 to 31 March 2021 (the "Year" or "2020/21"). The ESG Report elaborates on the various works of the Company and its subsidiaries (collectively the "Group" or "we").

In fulfilling the principle of sustainable development and their performance in social responsibilities during the Year, the Group will continue to strengthen its efforts in information collection in order to enhance the performance on environmental and social aspects and to disclose related information in the future.

Scope of the Report

The Group is principally engaged in the provision of securities, futures and options brokering and trading, loan financing services, placing and underwriting services, securities advisory services and investment holding in Hong Kong. The ESG Report has included the environmental and social performance of all the core business of the Group in Hong Kong during the Year. The disclosure of the key performance indicators ("KPIs") in the Year covers the Group's leased office in Hong Kong.

Reporting Framework

The ESG Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the" ESG Reporting Guide") under Appendix 20 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and has complied with the "comply or explain" provisions of the ESG Reporting Guide.

Reporting Principles

The content of the ESG Report is determined through stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting and reviewing the management and stakeholders' opinions, assessing the relevance and materiality of the issues and preparing and validating the information reported. The ESG Report has covered key issues that are concerned by different stakeholders.

Quantitative environmental and social KPIs are disclosed in the ESG Report so to enable stakeholders to comprehend the Group's ESG performance. Information of the standards, methodologies, references and sources of key emission of these KPIs are stated wherever appropriate. To enhance comparability of the ESG performance between years, the Group has strived to adopt consistent reporting and calculation methodologies as far as reasonably practicable. For any changes in methodologies, the Group has presented and explained in details in the corresponding sections.

Information and Feedbacks

Your opinions and feedbacks on our ESG performance are highly valued. Should you have any advice or suggestions, please share with us via email at clsec@cheongleesec.com.hk.

Board's oversight of ESG

The Group believes that good ESG governance strategies and practices are the key to enhancing its investment value, thereby bringing long-term returns for its stakeholders. The Board of Directors (the "Board") bears the primary responsibilities of overseeing and reporting of the Group's ESG strategies, as well as identifying and assessing ESG related risks, so as to establish effective management approaches on ESG risk. The Board delegates authority to the management of various departments, where ESG policies and measures are formulated and executed.

Stakeholder engagement

The Board understands that it is essential to set ESG approach and strategy according to the importance of ESG issues towards the Group and its stakeholders, therefore the Board has assigned a third-party ESG professional to assist in the conduct of materiality assessment on ESG issues. To identify the material issues, internal stakeholder surveys have been carried out, and industry-specific issues are considered. Directors play an important role in the engagement exercise and provide constructive opinions in determining the material ESG issues. The Board is well informed about the results and will keep reviewing the engagement channels and exercise.

MATERIALITY ASSESSMENT

The preparation of the ESG Report, information gathered from different departments is not only a summary of the environmental and social initiatives carried out by the Group during the Year, but also the basis for mapping out its short-term and long-term sustainable development strategies.

The Group maintain supporting and trusting relationships with its stakeholders. Through diversified communication channels, the Group can effectively understand and respond to the expectations and requirements of different stakeholders. During the Year, stakeholder's engagement and materiality assessment have been conducted, which enable us to understand the needs of stakeholders and identify our material topics regarding ESG.

In view of the relevance and validity of the ESG Report with the Group's environmental and social performance, the Group has conducted a materiality assessment to identify ESG issues that are material to the business of the Group and its stakeholders. The assessment is based on internal stakeholder surveys. The material ESG issues as identified are shown on the diagram.

ENVIRONMENTAL PROTECTION

Emissions

We understand the importance of maintaining environmental sustainability in its daily operation and acts in strict compliance with local laws and regulations relating to environmental protection and pollution control, including but not limited to the Air Pollution Control Ordinance (Chapter 311 of the laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the laws of Hong Kong) and Waste Disposal Ordinance (Chapter 354 of the laws of Hong Kong).

As a service-based enterprise, the Group does not directly generate industrial exhaust gas. Our direct environmental impact is not material in the process of our daily operation and business development. The emission of the Group is the indirect greenhouse gas emission mainly generated from the purchased electricity and paper consumption at office setting. To further reduce emissions, the Group promotes electronic interactions with stakeholders, such as use of email and e-conference as much as possible, to reduce unnecessary business travels. The major wastewater generated by the Group is domestic sewage, which is directly discharged to the public drainage system.

The non-hazardous waste of the Group mainly includes general waste. General wastes are collected and handled by the property management office. The hazardous wastes produced by the Group, such as toner cartridges, are collected and handled safely by suppliers.

Resource Conservation

Our resource consumption mainly occurs in the use of electricity for its daily office operation, and the consumption of other resources includes the use of water and paper. Due to the Group's business nature, it is not involved in the use of any packaging materials.

The Group employs multiple energy saving initiatives to improve the operating efficiency of equipment or devices and reduce energy consumption. In terms of lighting system, the Group has separated light switches for different light zones, keeps the lighting fixture clean and reminds employees to switch off unnecessary lights. To reduce the use of air conditioning, employees are required to switch off the air-conditioners during non-working hours and allowed to dress casually. The Group also encourages to turn off unused electrical devices before leaving the office.

We do not consume significant volume of water through its business activities, and therefore its business activities did not generate material portion of discharges into water. Since the water supply and discharge facilities are provided and managed by property management company, the Group does not have access to water consumption records. Meanwhile, the Group has put effort to reduce water consumption, such as closing faucets after use and contacting property management immediately when dripping from water supply equipment is being discovered. During the Year, the Group did not face any difficulties in sourcing water.

Environmentally friendly operation

The greenhouse gas emissions of the Group are composed of indirect emissions from purchased electricity, and other indirect emissions from methane gas generated at landfill due to disposal of paper waste. The Group seeks ways to reduce paper consumption in the office. For example, we encourage employees in using papers on both sides, using smaller font size and adjusting line spacing when printing, and disseminating information via electronic means.

Responding to Climate Change

The Board is of the view that the Group is not subject to material climate change-related risks and impacts.

The Directors are well aware of certain collateral effects driven by climate change, such as the increasing green financing needs and paperless security market recently promoted in the financial industry. On that, the Directors are formulating a plan to pace up with such trends, including a plan to upgrade our IT systems, to enhance our digitalized procedures and to better equip our staff with the green financing knowledge.

EMPLOYMENT AND LABOUR PRACTICES

Employment

Our employee is the most valuable asset to drive the long-term development of our Group.

The Group complies with the relevant labour laws and regulations, including but not limited to the Employment Ordinance (Chapter 57 of the laws of Hong Kong) and Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong), regarding compensation, benefits, dismissal, working hours and rest periods. The Group respects every employee and treats them equally without regard to race, colour, religion, sex, national origin, age, marital or family status, pregnancy and disability. The nondiscriminatory approach applies to all employment activities and human resources-related matters. If any unfair treatment is discovered, the concerned employees should report the incident to the human resources and administration department directly.

When we recruit employees from the open market, mainly from publication of job advertisements and referrals, we evaluate the applicants based on their background, employment history, academic background, professional qualifications, integrity and experience. Before offering an applicant a job, the human resources and administration department will verify applicant's age by checking the valid identification document to prevent employing child labour. If any improper conduct is discovered, the Group will immediately investigate the case thoroughly. All the employment terms and conditions, including the scope of work, working hours, are specified in the employment letter, so as to assure employees of sufficient rest time and prevent forced labour.

During the Year, the Group is not aware of any non-compliance with employment related laws and regulations, and child and forced labour-related laws and regulations (including but not limited to Employment of Children Regulations (Chapter 578 of the laws of Hong Kong) and Employment Ordinance (Chapter 57 of the laws of Hong Kong) that would have a significant impact on the Group.

Salary and Benefits

Employees' performance is assessed on a regular basis in terms of employees' working performance, technical knowledge, management skills and communication skills of employees and so on. We also offer attractive remuneration package, comprising basic salaries and bonuses. The remuneration package is subject to annual review which is conducted annually taking into account of the employee's job performance, department performance and the Company's business performance.

Apart from statutory holidays, all employees are entitled to sick leave, annual leave, marriage leave, maternity leave, paternity leave and jury service leave. In compliance with the provisions under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong), the Group makes contributions to mandatory provident fund schemes for eligible employees that work for a certain period of time. Employees are also entitled to discretionary bonus, medical insurance and labour insurance offered by the Group.

Health and Safety

The Group adhere to the Occupational Safety and Health Ordinance Cap. 509. We strive to provide and maintain a safe, healthy and hygienic workplace for our employees and protect them from occupational hazards.

In light of the outbreak of COVID-19 worldwide, the Group has strictly abided to relevant preventive regulations carried out by the government, and has implemented various control and preventive measures to ensure the health and well-being of employees. For instance, kept the office ventilated and maintained social distance among employees. Employees and visitors at office premises were required to wear face masks as well as to take body temperature measurement before entry. During the Reporting Period, the Group had no COVID-19 cases reported. The Group was not aware of any material non-compliance with health and safety-related laws and regulations in Hong Kong that would have a significant impact on the Group. There have been no injuries or fatalities cases occurred in the Year and the past three years and thus no relevant lost days.

Development and Training

We recognise the importance of training for the development of our employees as well as our Group.

We encourage and support our employees in personal and professional training through sponsoring training programmes, on-the-job training, as well as reimbursement for fees of external training seminars. We believe it is a win-win approach for achieving both employee and corporate goals as a whole. Our front-line staff who are licensed and supervised by Securities and Futures Commission are required to obtain continuous professional trainings ("CPT") on an on-going basis. Our compliance department is responsible for monitoring the CPT hours of licensed staff.

The Group is well aware of the requirements of providing anti-corruption related trainings to our staff and is formulating a training plan for our staff.

OPERATING PRACTICES

Supply Chain Management

As for the nature of our business, we do not have any major suppliers. The Group's services providers mainly provide information technology and communication service and legal and professional services.. The management of the Group selects our service providers based on their pricing, competence, experience and reputation. The management of the Group also evaluates the quality of services and products. During the Year, the Group engaged with around 12 service providers and certain smaller suppliers for office supplies, which were all located in Hong Kong.

Quality Customer Services

The Group considers customer feedback a valuable tool for improving its services.

We take customer feedback seriously and have in place procedures to ensure that feedback and complaints from customers get handled in a timely and appropriate manner. Our management and Executive Directors are highly involved in the day-to-day management and hence are able to handle customers' issues on a timely basis. During the Year, we did not receive any material complaints from customers and were not subject to any disciplinary actions imposed by any government authorities in respect of our quality of the services

Privacy Protection

The Group attaches great attention to privacy protection and strictly complies with the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong).

The Group only collects personal data which are necessary for conducting business, and the data are not used for any other purposes or without the consent of the related parties. Personal data is not allowed to be transferred or disclosed to entities which are not a member of the Group without the permission of the Group. Employees are reminded to take extra care during handling customer information. It is also the Group's responsibility to secure the computer databases and customer's information through the implementation of ongoing monitoring and testing of privacy risks.

Protecting Intellectual Property

The Group respects intellectual property and is in strict compliance with relevant laws and regulations, including but not limited to the Trade Marks Ordinance (Chapter 559 of the laws of Hong Kong). Unauthorized software is not permitted by the Group and employees should seek permission from the Group before installing software.

Anti-corruption

The Group is dedicated to running the business with integrity and cultivating an ethical corporate culture. The Group implemented the policy that the Compliance Department will continually review the whole operations to prevent or detect fraudulence. In line with the Prevention of Bribery Ordinance (Chapter 201 of the laws of Hong Kong) and other relevant laws and regulations, our Directors and staff members are forbidden to offer, solicit, accept advantages from or to any individual or corporations for the purpose of influencing others in relation to their works and dealings. The Group also forbids its employees from accepting any illegal rebate.

The Group has established code of conduct and anti-money laundering policy. Employees are encouraged to directly report to the management whenever irregularities or fraudulent activities are suspected. Ongoing review of the effectiveness of the internal control systems is conducted on a regular basis in preventing the occurrence of corruption activities. The Group encourages our employee to refresh themselves on the anti-corruption knowledge from the materials issued by Independent Commission Against Corruption.

During the Year, there were no non-compliance cases in relation to the corruption related laws and regulations and no legal action against the Group and its employees regarding corruption. The Group was not subject to any non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering.

COMMUNITY INVESTMENT

The Group strongly encourages its employees to participate in various volunteer works. Moreover, we endeavor to establish and maintain close relationship with the society amid the business development.

The Group has made charitable donations of approximately HK$10,000.

Social indicators	**2020/21**	2019/20
Employments		
Total number of employees	**15**	15
By Gender		
Male	**8**	8
Female	**7**	7
By age group		
Below 30 years old	**0**	0
30 to 50 years old	**11**	11
Above 50 years old	**4**	4
By type of employment		
Full-time	**15**	15
Part-time	**0**	0
By geographical region		
Hong Kong	**15**	15
Others	**0**	0

We have only one leaver aged between 30 to 50 and only one joiner in the Reporting year constituting 12.5% of turnover rate. We have no part-time or temporary staff and all our staff are located in Hong Kong.

ENVIRONMENTAL KEY PERFORMANCE INDICATORS

Emission Type	Indicator	2021	2020
Greenhouse gas[1]	Direct emissions — Scope 1[3] (kg CO_2)	**Nil**	Nil
	Indirect emissions — Scope 2[4] (kg CO_2)	**40,920.85**	70,238.90
	Indirect emissions — Scope 3[5] (kg CO_2)	**Nil**	Nil

Major resource consumed	Unit	2021	2020	2021 Intensity[2]
Electricity	MWh	57,635.00	88,910.00	0.001

Notes to above table:

1 GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "Guidelines to Account for ad Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" 2010 Edition and Appendix II: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange.

2 Intensity is calculated by the emissions by the Group's revenue for 2021 (approximately $41.1 million).

3 Major source of Scope 1 emission came from usage of diesel. The Group did not own or apply vehicle in its operation.

4 Major source of Scope 2 emission came from usage of purchased electricity.

5 Major source of Scope 3 emission came from fresh water and sewage by government departments. The consumption of the Group is immaterial.

6 Our operation does not generate hazardous waste.

7 Domestic waste is deemed immaterial to our operations. Thus, we do not maintain relevant record.

EXECUTIVE DIRECTORS

Mr. KWOK Kin Chung, aged 46, is the Chief Executive Officer and Executive Director of the Company. He also holds directorship in certain subsidiaries of the Company. Mr. Kwok obtained a Master degree in Finance in 2006 from Curtin University of Technology of Australia and a professional diploma in Corporate Finance from The Hong Kong Management Association. Mr. Kwok is responsible for managing daily operations and supervising dealing staff. He joined the Group in July 2010. Mr. Kwok has over 20 years of experience in securities and derivatives dealing.

Mr. LAU Kin Hon, aged 53, is an Executive Director of the Company. He also holds directorship in certain subsidiaries of the company. Mr. Lau is a practicing solicitor in Hong Kong. Mr. Lau obtained a bachelor of laws degree with honours from University College, London, U.K. and has been practicing law in Hong Kong for over 27 years. Mr. Lau is responsible for managing the compliance function of the Group and the provision of advice to the Group on legal and regulatory compliance matters. He joined the Group in January 2008. He is currently an Independent Non-executive Director of Mingfa Group (International) Company Limited (stock code: 846), which is listed on the Stock Exchange.

Ms. YU Linda, aged 48, is an Executive Director of the Company. She also holds directorship in certain subsidiaries of the company. Ms. Yu is responsible for the Company's business development, marketing, maintenance of clients' relations and such other matters as the Board shall from time to time direct. She joined the Group in October 2007. Ms. Yu has over 23 years of experience in the securities industry.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. POON Wing Chuen, aged 55, is an Independent Non-executive Director appointed on 30 June 2015. He is currently the Chief Financial Officer of a real estate development company listed on the Stock Exchange. Mr. Poon has over 31 years of experience in accounting and financial management. Mr. Poon obtained a professional diploma in accountancy from City University of Hong Kong. He is a fellow member of Association of Chartered Certified Accountants. In the three years preceding the Latest Practicable Date, Mr. Poon did not hold any directorship in any other listed companies.

Mr. WANG Rongqian, aged 40, is an Independent Non-executive Director appointed on 2 October 2018. Mr. Wang holds a Master degree in corporate and financial laws from the University of Hong Kong. Mr. Wang has extensive experience in the areas of project management, corporate finance, commercial trade and compliance. Mr. Wang is currently an independent non-executive director of Mansion International Holdings Limited (Stock code: 8456).

Mr. HU Chao, aged 37, is an Independent Non-executive Director appointed on 17 December 2019, Mr. Hu holds a Bachelor Degree in Law from Hunan University of Technology (formerly known as Zhuzhou Institute of Technology). Mr. Hu has extensive experience in legal advisory services in corporation governance and investment and commercial dispute resolution. Mr. Hu is currently the independent non-executive director of GT Group Holdings Limited (Stock code: 263) and China Trustful Group Limited (Stock code: 8265), both of which are listed on the Stock Exchange.

REPORT OF DIRECTORS

The Directors of the Company ("Directors") submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in note 39 to the consolidated financial statements. There were no significant changes in nature of Group's principal activities during the year.

SEGMENT INFORMATION

An analysis of the Group's consolidated revenue and contribution to operating profit for the year by principal activities is set out in note 9 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2021 and the state of the affairs of the Group at that date are set out in the consolidated financial statements on pages 39 to 105.

The Directors proposed to declare a final dividend of HK0.5 cent per ordinary share for the year ended 31 March 2021, which will be subject to approval by our Shareholders at the forthcoming annual general meeting ("AGM") of our Company to be held on 6 August 2021. If approved, in order to determine Shareholders who are qualified for the proposed final dividend, the Register will be closed on 12 August 2021, and the proposed final dividend is expected to be made on Friday, 20 August 2021.

PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 March 2021 are set out in note 39 to the consolidated financial statements.

PLANT AND EQUIPMENT

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

BORROWINGS

Particulars of bank loans of the Group are set out is note 29 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in consolidated statement of changes in equity on page 41 and note 32(b) to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

At 31 March 2021, the Group's reserve available for distribution, calculated in accordance with the Companies Law of Cayman Islands, amounted to approximately HK$202.5 million. This includes the Company's share premium in the amount of approximately HK$130.9 million at 31 March 2021, which may be distributable provided that immediately follow the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

DONATION

The Group charitable donations for the year amounting approximately HK$10,000 (2020: nil).

SHARE CAPITAL

Details of the movements in share capital of the Company during the year, together with reasons therefore, are set out in note 31 to the consolidated financial statements.

SUMMARY OF FIVE YEAR FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for last five financial years is set out on page 106.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of revenue for the year attributable to the Group's major customers is as follows:

— the largest customer	10.3%
— five largest customers combined	38.4%

To the best of the Directors' knowledge, none of the Directors, their associates or any shareholder who owns more than 5% of the Company's share capital had an interest in any of the major customers above.

The Group had no major supplier due to the nature of principal activities of the Group.

DIRECTORS

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

Mr. Kwok Kin Chung *(Chief Executive Officer)*
Mr. Lau Kin Hon
Ms. Yu Linda
Mr. Poon Wing Chuen*
Mr. Wang Rongqian*
Mr. Hu Chao*

* *Independent Non-executive Director*

In accordance with the provisions of the Company's Articles of Association and to comply with the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules, Mr. Poon Wing Chuen and Mr. Wang Rongqian will retire at the forthcoming AGM by rotation and, being eligible, offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical information of the Directors of the Group are set out on page 25 of this annual report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2021, save for the interest of the directors in share options as below, neither of the Directors nor the Chief Executive of the Company had interests and short positions in the shares of the Company ("Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") which (i) are 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 which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO; or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

LONG POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Share Option

As at 31 March 2021, details of the share options granted under the Share Option Scheme are as follows:

		Options to Subscribe for Shares of the Company							
Director	**Date of grant (dd/mm/yyyy)**	**Outstanding as at 1 April 2020**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at 31 March 2021**	**Option exercise Period (dd/mm/yyyy)**	**Exercise price per share#**	**Approximate percentage of shareholding**
Kwok Kin Chung	09/04/2014	20,000,000	—	—	—	20,000,000	09/04/2014 to 08/04/2023	HK$0.2275	0.91%
Yu Linda	09/04/2014	20,000,000	—	—	—	20,000,000	09/04/2014 to 08/04/2023	HK$0.2275	0.91%
Lau Kin Hon	09/04/2014	20,000,000	—	—	—	20,000,000	09/04/2014 to 08/04/2023	HK$0.2275	0.91%
Total		60,000,000	—	—	—	60,000,000			2.73%

The exercise price of the share options is subject to adjustment in the case of bonus issues, or other similar Company's capital reorganisation.

note:

The above share options were granted pursuant to the Company's share option scheme adopted on 22 February 2011.

Save as disclosed above, none of the Directors or the Chief Executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 31 March 2021.

DIRECTORS' SERVICE CONTRACTS

Each of the independent non-executive Directors has entered into a service contract with the Company for an initial term of one year renewable for the year upon the expiration of the initial term and each subsequent one year term subject to termination in certain circumstance as stimulated in the relevant service contracts.

No Director has a service contract with the Company which is for a duration that may exceed 3 years or which requires the Company to, in order to terminate such contract, give a notice period of more than 1 year or pay compensation or make other payment equivalent to more than 1 year's emolument.

As at 31 March 2021, none of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

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

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Company considers all of the independent non- executive Directors are independent.

EMOLUMENT POLICY

The Company's policy concerning the remuneration of the Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload and the time devoted to the Group.

Employees' remuneration is determined based on the individual's qualification, experience, position, job responsibility and market conditions. Salary adjustments and staff promotion are based on evaluation of staff performance by way of annual review, and discretionary bonuses would be paid to staff with reference to the financial performance of the Group of the preceding financial year.

The Company has adopted a Share Option Scheme as an incentive to Directors and eligible employees. Details of the scheme is set out in note 33 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and Chief Executives' interests and short positions in shares, underlying shares and debentures" above and the "Share option scheme" below, at no time during the year have rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors, their spouse or children under 18 years of age to acquire such rights in any other body corporate.

SHARE OPTION SCHEMES

The Company adopted the Share Option Scheme on 22 February 2011, which was approved by the shareholders' written resolutions, is valid and effective for a period of 10 years. The Share Option Scheme was terminated and the new share option scheme (the "New Share Option Scheme") was adopted on 4 August 2020. The outstanding granted under the Share Option Scheme will remain valid and capable of being exercise after the termination of the Share Option Scheme. The purpose of the New Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, substantial shareholders, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group. Pursuant to the New Share Option Scheme, the Board may, at its discretion and on such terms as it may think fit, offer to grant an option to any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group. An offer for the grant of share options must be accepted within 7 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

As at 31 March 2021, the total number of shares in respect of which share options may be granted under the New Share Option Scheme is not permitted to exceed 220,000,000 shares, representing 10% of the total number of shares of the Company as at 31 March 2021.

Under the New Share Option Scheme, the Company may grant to directors (the "Directors") and employees of the Group and any other persons who, in the sole discretion of the Board, have contributed or will contribute to the Group which options granted shall be immediately vested. The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

The total number of shares which may be issued upon exercise of all 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 shares in issue at the date of the passing of the relevant ordinary resolution. If any option is to be granted to connected person(s), it must be approved by independent non-executive directors or independent shareholders as the case may be.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the New Share Option Scheme to eligible participants in any 12 months' period up to the date of grant shall not exceed 1% of the Shares in issue as the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the approval of shareholders in a general meeting.

The subscription price of a Share in respect of any particular option granted under the New Share Option Scheme shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a Share.

The total number of shares in respect of which share options granted under the Share Option Scheme as at 31 March 2021 and not yet exercised was 100,000,000 which represented approximately 4.55% of the issued share capital of the Company as at 31 March 2021.

As at 31 March 2021, details of the share options granted under the Share Option Scheme are as follows:

Grantee	Date of Grant (dd/mm/yyyy)	Exercise price per share HK$	Exercisable period (dd/mm/yyyy)	Balance as at 1 April 2020	Changes during the year: Granted	Exercised	Cancelled/ lapsed	Balance as at 31 March 2021
Kwok Kin Chung, Executive Director	09/04/2014	0.2275	09/04/2014 — 08/04/2023	20,000,000	—	—	—	20,000,000
Yu Linda, Executive Director	09/04/2014	0.2275	09/04/2014 — 08/04/2023	20,000,000	—	—	—	20,000,000
Lau Kin Hon, Executive Director	09/04/2014	0.2275	09/04/2014 — 08/04/2023	20,000,000	—	—	—	20,000,000
			Sub-total	60,000,000	—	—	—	60,000,000
Employees	09/04/2014	0.2275	09/04/2014 — 08/04/2023	40,000,000	—	—	—	40,000,000
			Total	100,000,000	—	—	—	100,000,000
Weighted average exercise price				0.2275	—	—	—	0.2275

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

As at 31 March 2021, according to the register of interests kept by the Company under Section 336 of the SFO, the following parties (in addition to those disclosed above in respect of the Directors and Chief Executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Long position in shares of the Company

Name of shareholder	Number of shares	Approximate percentage holding
Zillion Profit Limited	1,500,000,000	68.18%
Ms. Au Suet Ming Clarea *(note i)*	1,500,000,000	68.18%

note:

(i) Ms. Au Suet Ming Clarea is deemed to be interested in 1,500,000,000 shares through her controlling interest (100%) in Zillion Profit Limited.

Save as disclosed above, as at 31 March 2021, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which were interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or any persons (not being a Director) have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions in Divisions 2 and 3 of Part XV of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year.

RETIREMENT BENEFIT SCHEME

Particulars of the retirement benefit scheme of the Group are set out in note 34 to the consolidated financial statements.

ENVIRONMENTAL POLICY

The Group supports environmental protection, implements green office practices and promotes green awareness within the company. Such measures include the using of energy-saving lightings and recycled paper, minimising the use of paper, reducing energy consumption by switching off idle lightings, computers and electrical appliances.

TAX RELIEF

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

PERMITTED INDEMNITY PROVISION

The Company maintained Directors' liability insurance to protect them from any loss to which the Directors of the Company might be liable arising from their actual or alleged misconduct.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Non-exempt One-off Connected Transactions

For the year ended 31 March 2021, the Company has not entered into any non-exempt one-off connected transactions which were subject to the reporting, annual review, announcement and/or independent shareholders' approval requirements under the GEM Listing Rules.

Non-exempt Continuing Connected Transactions

For the year ended 31 March 2021, the Company has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of GEM Listing Rules.

Significant related party transactions entered by the Group during the year as disclosed in note 37(a) to the consolidated financial statements, constitute connected transactions under the GEM Listing Rules.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties (as defined under the GEM Listing Rules); and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Save as disclosed above, no contracts of significance to which the Company or its subsidiaries or holding company or a subsidiary of the Company's holding company is a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the year ended 31 March 2021, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

NON-COMPETITION UNDERTAKING

Each of Ms. Au, Zillion Profit Limited, Mr. Kwok Kin Chung, Mr. Lau Kin Hon and Ms. Yu Linda as covenantor (each a "Covenantor", collectively, "Covenantors") entered into a deed of non-competition dated 25 February 2011 in favour of the Company and its subsidiaries (the "Deed of Non-competition").

The Company has received from each of the Covenantors an annual confirmation on the compliance of the non-competition undertaking under the Deed of Non-competition (the "Undertaking"). The independent non-executive Directors have reviewed the compliance of the Undertaking from the Covenantors and evaluated the effectiveness of the implementation of the Deed of Non-competition, and were satisfied that the Covenantors have complied with the Undertaking.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company as at the date of this report, the Company has maintained the prescribed public float under the GEM Listing Rules.

AUDITOR

The consolidated financial statements for the year ended 31 March 2021 were audited by Confucius International CPA Limited.

On behalf of the board

Kwok Kin Chung
Chief Executive Officer

Hong Kong, 24 June 2021

INDEPENDENT AUDITOR'S REPORT

天健國際會計師事務所有限公司
Confucius International CPA Limited Certified Public Accountants

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TO THE MEMBERS OF CL GROUP (HOLDINGS) LIMITED
昌利(控股)有限公司
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of CL Group (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 105, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Measurement of expected credit losses for trade receivables and loans receivables

As at 31 March 2021, trade receivables and loans receivables included for the purpose of expected credit loss assessment, as presented in the consolidated statement of financial position, amounted to HK$49,662,276 (2020: HK$40,888,088) and HK$114,569,434 (2020: HK$99,169,258), respectively, and for which management recognised an impairment allowance of HK$nil (2020: HK$4,028,125) and HK$20,573,668 (2020: HK$6,353,364), respectively in the profit or loss for the year. The accumulated impairment allowance for the trade receivables and loans receivables is HK$11,929,259 (2020: HK$13,809,298) and HK$24,209,869 (2020: HK$6,353,364), respectively.

The balances of loss allowances for the trade receivables and loans receivables represent management's best estimates at the year ended date of expected credit losses ("ECL") under HKFRS 9: Financial Instruments expected credit losses models.

KEY AUDIT MATTERS (Continued)

Measurement of expected credit losses for trade receivables and loans receivables (Continued)

Management assesses whether the credit risk of trade receivables and loans receivables have increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their ECL. For stages 1, 2 and 3, management assesses impairment allowance using risk parameter model that incorporates key parameters, including probability of default, loss given default, exposure at default and discount rates.

The models of ECL involves significant management judgments and assumptions, primarily including:

— segmentation of business operations reference to similar credit risk characteristics, selection of appropriate models and determination of relevant key measurement parameters;

— criteria for determining whether or not there was a significant increase in credit risk, or a default or credit-impaired; and

— management overlay adjustments due to significant uncertain factors not covered in the models.

CL Group (Holdings) Limited established governance processes and controls for the measurement of ECL.

The amount of impairment of the trade receivables and loans receivables is significant, and the measurement has a high degree of estimation uncertainty. For measuring ECL, the management have engaged an independent valuer to adopted complex models, employed numerous parameters and data inputs, and applied significant management judgments and assumptions, and involved significant inherent risk. In view of these reasons, we identified this as a key audit matter.

How our audit addressed the Key Audit Matter

We obtained an understanding of relevant parameters from the valuer, evaluated management's internal control and assessment process of ECL for trade receivables and loans receivables, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.

We evaluated and tested the design and operating effectiveness of the internal controls relating to ECL for trade receivables and loans receivables, primarily including:

— governance over ECL models, including the selection, approval and application of modelling methodology; and the internal controls relating to the ongoing monitoring and optimisation of the models;

— internal controls relating to significant management's judgments and assumptions, including the assessment and approval of portfolio segmentation, parameters estimation, identification of significant increase in credit risk, defaults or credit-impaired loans, and management overlay adjustments;

— internal controls over the accuracy and completeness of key inputs used by the models; and

— evaluation and approval of the measurement result of ECL for the trade receivables and loans receivables.

KEY AUDIT MATTERS (Continued)

How our audit addressed the Key Audit Matter (Continued)

The substantive procedures we preformed primarily included:

According to the risk characteristics of assets, we have examined the accuracy of data inputs for the ECL models, including: (i) covering examination of supporting information on a sample basis, including contractual information, such as maturity dates, and other financial and non-financial information, such as the borrower's historical and reporting date information, which have been agreed with the underlying data used to generate probability of default; (ii) assessment of the reasonableness of the loss given default using historical data; and (iii) examination of borrowing contracts and assessment of the reasonableness of exposure at default and discounting rates.

We selected samples, in consideration of the financial information and non-financial information of borrowers, relevant external evidence and other factors, to assess the appropriateness of management's identification of significant increase in credit risk, defaults and credit-impaired loans.

In addition, based on considering the significant uncertain factors, we evaluated the rationality of management overlay adjustments, and examined the accuracy of the relevant mathematical calculations. Also, we examined, on a sample basis, latest collateral valuations (if applicable) and other available information to support the computation of loss allowance.

Based on our procedures performed, the models, key parameters and data, significant judgements and assumptions adopted in the ECL measurement together with the measurement results were considered acceptable.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our 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 AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. 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;

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

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

— 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 those charged with governance 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.

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

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

From the matters communicated with those charged with governance, 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.

Confucius International CPA Limited
Certified Public Accountants

Chan Lap Chi
Practising Certificate Number: P04084

Hong Kong, 24 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
Revenue	7	**41,129,006**	44,412,532
Net gain on trading of financial assets at fair value through profit or loss		**4,419,851**	445,817
Net gain on derecognition of financial assets of fair value through other comprehensive income		**85,023**	—
Net change in fair value of financial assets at fair value through profit or loss		**6,521,348**	(2,153,145)
Net other income, gains and losses	8(a)	**928,290**	4,836,297
Impairment losses under expected credit loss model, net of reversal	8(b)	**(16,075,079)**	(5,344,712)
Administrative expenses		**(16,717,255)**	(17,251,531)
Finance costs	10	**(483,496)**	(498,891)
Profit before tax	11	**19,807,688**	24,446,367
Income tax expenses	14	**(4,619,087)**	(932,946)
Profit for the year attributable to owners		**15,188,601**	23,513,421
Other comprehensive income (expense) for the year, net of income tax			
Items that are reclassified or may be reclassified subsequently to profit or loss:			
Fair value change in financial assets (debt instruments) at fair value through other comprehensive income		**2,634,957**	(2,251,684)
Reclassification adjustment relating to gain on derecognition of financial assets (debt instruments) at fair value through other comprehensive income		**473,887**	—
		3,108,844	(2,251,684)
Total comprehensive income attributable to owners of the Company for the year		**18,297,445**	21,261,737
Earnings per share			
— Basic	16	**0.69 cents**	1.07 cents
— Diluted	16	**0.69 cents**	1.07 cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	2021 HK$	2020 HK$
Non-current assets			
Plant and equipment	17	**196,537**	417,024
Right-of-use assets	19(a)	**1,738,691**	4,056,946
Other assets	20	**1,705,000**	1,730,000
Loans receivables	22	**39,731,273**	50,143,052
Rental and utility deposits	23	**—**	698,875
Financial assets at fair value through other comprehensive income	24	**13,851,552**	17,688,534
Deferred tax assets	30	**194,719**	173,698
		57,417,772	74,908,129
Current assets			
Trade receivables	21	**49,662,276**	40,888,088
Loans receivables	22	**74,838,161**	49,026,206
Other receivables, deposits and prepayments	23	**755,113**	195,430
Financial assets at fair value through profit or loss	25	**50,875,559**	31,544,690
Financial assets at fair value through other comprehensive income	24	**10,999,015**	4,901,090
Income tax refundable		**—**	2,389,961
Pledged bank deposits	26	**10,000,000**	10,000,000
Bank balances and cash — trust accounts	26	**21,831,802**	26,064,434
Bank balances and cash — general accounts	26	**11,001,699**	33,136,216
		229,963,625	198,146,115
Current liabilities			
Trade payables	27	**23,542,923**	28,309,706
Other payables and accruals	28	**4,219,769**	2,990,208
Bank borrowings	29	**22,000,000**	—
Lease liability — due within one year	19(b)	**1,819,949**	2,340,894
Income tax payables		**1,550,303**	40,176
		53,132,944	33,680,984
Net current assets		**176,830,681**	164,465,131
Total assets less current liabilities		**234,248,453**	239,373,260
Non-current liabilities			
Lease liability — due after one year	19(b)	**—**	1,819,949
Deferred tax liabilities	30	**1,462,674**	1,064,977
		1,462,674	2,884,926
Net assets		**232,785,779**	236,488,334
Capital and reserves			
Share capital	31	**22,000,000**	22,000,000
Reserves		**210,785,779**	214,488,334
Total equity		**232,785,779**	236,488,334

The consolidated financial statements on pages 39 to 105 were approved and authorised for issue by the Board of Directors on 24 June 2021 and are signed on its behalf by:

Kwok Kin Chung
Director

Lau Kin Hon
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Share capital HK$	Share premium HK$	Merger reserve HK$	Share options reserve HK$	Fair value through other comprehensive income reserve HK$	Capital reserve HK$	Retained profits HK$	Attributable to owners of the Company HK$
At 1 April 2019	22,000,000	130,931,993	32,500,000	8,275,000	—	(112,519)	43,632,123	237,226,597
Profit for the year	—	—	—	—	—	—	23,513,421	23,513,421
Other comprehensive expense	—	—	—	—	(2,251,684)	—	—	(2,251,684)
Total comprehensive income for the year	—	—	—	—	(2,251,684)	—	23,513,421	21,261,737
Dividend *(Note 15)*	—	—	—	—	—	—	(22,000,000)	(22,000,000)
At 31 March 2020 and 1 April 2020	22,000,000	130,931,993	32,500,000	8,275,000	(2,251,684)	(112,519)	45,145,544	236,488,334
Profit for the year	—	—	—	—	—	—	15,188,601	15,188,601
Other comprehensive income	—	—	—	—	3,108,844	—	—	3,108,844
Total comprehensive income for the year	—	—	—	—	3,108,844	—	15,188,601	18,297,445
Dividend *(Note 15)*	—	—	—	—	—	—	(22,000,000)	(22,000,000)
At 31 March 2021	22,000,000	130,931,993	32,500,000	8,275,000	857,160	(112,519)	38,334,145	232,785,779

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
Operating activities			
Profit before tax		**19,807,688**	24,446,367
Adjustments for:			
Depreciation of plant and equipment	17	**242,424**	329,075
Depreciation of right-of-use assets	19	**2,318,255**	2,260,234
Net gain on trading of financial assets at fair value through profit or loss		**(4,419,851)**	(445,817)
Net gain on disposal of financial assets at fair value through other comprehensive income		**(85,023)**	—
Net change in fair value of financial assets at fair value through profit or loss		**(6,521,348)**	2,153,145
Gain on disposal of income right	8(a)	**—**	(4,778,912)
Dividend income	8(a)	**(87,931)**	(160)
Interest income		**(180,206)**	(582,728)
Interest expenses	10	**483,496**	498,891
Impairment loss on loans receivables under ECL model	8(b)	**20,573,668**	6,353,364
Impairment loss on trade receivables under ECL model	8(b)	**—**	4,028,125
Recovery of loans receivables	8(b)	**(2,618,550)**	—
Recovery of trade receivables	8(b)	**(1,880,039)**	(5,036,777)
Operating cash flows before movements in working capital		**27,632,583**	29,224,807
(Increase) decrease in trade receivables		**(6,894,149)**	44,726,385
Increase in loans receivables		**(33,355,294)**	(11,086,017)
Decrease in other receivables, deposits and prepayments		**139,192**	115,501
Decrease in other assets		**25,000**	—
Decrease in bank balances and cash – trust accounts		**4,232,632**	111,626,834
Decrease in trade payables		**(4,766,783)**	(121,747,717)
Increase (decrease) in other payable and accruals		**1,229,561**	(75,939)
Cash (used in) generated from operations		**(11,757,258)**	52,783,854
Hong Kong Profits Tax paid		**(342,322)**	(3,272,579)
Interest paid on lease liability		**(119,105)**	(213,431)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES		**(12,218,685)**	49,297,844

For the year ended 31 March 2021

	Notes	**2021** **HK$**	2020 HK$
Investing activities			
Dividend income		**87,931**	160
Interest received		**180,206**	582,728
Purchase of plant and equipment		**(21,937)**	(92,600)
Purchase of financial assets at fair value through profit or loss		**(71,532,679)**	(7,695,809)
Purchase of financial assets at fair value through other comprehensive income		**(4,527,076)**	(24,841,308)
Proceeds from disposal of financial assets at fair value through profit or loss		**63,143,008**	7,925,180
Proceeds from disposal of financial assets at fair value through other comprehensive income		**5,460,000**	—
Proceeds from disposal of asset held-for-sale		**—**	23,425,500
NET CASH USED IN INVESTING ACTIVITIES		**(7,210,547)**	(696,149)
Financing activity			
Interest paid	*40*	**(364,391)**	(285,460)
Dividends paid	*40*	**(22,000,000)**	(22,000,000)
Proceeds from shareholder loan	*40*	**5,000,000**	—
Repayment of shareholder loan	*40*	**(5,000,000)**	—
Capital element of lease rentals paid	*40*	**(2,340,894)**	(2,191,136)
Drawdown on bank loans	*40*	**157,000,000**	68,500,000
Repayment of bank loans	*40*	**(135,000,000)**	(70,500,000)
NET CASH USED IN FINANCING ACTIVITIES		**(2,705,285)**	(26,476,596)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(22,134,517)**	22,125,099
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		**33,136,216**	11,011,117
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		**11,001,699**	33,136,216
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS			
Bank balances and cash — general accounts	*26*	**11,001,699**	33,136,216

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1–1111, Cayman Islands, and its principal place of business is Room 16B, 16/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

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

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are the provision of securities, futures and options brokering and trading, loan financing services, placing and underwriting services, securities advisory services and investment holding.

The ultimate holding company of the Group is Zillion Profit Limited, a private company incorporated in the British Virgin Islands with limited liability. Its ultimate controlling party is Ms. Au Suet Ming Clarea ("Ms. Au").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Revised and amendments to HKFRSs that are mandatorily effective for the current year

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

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
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKASs and HKFRSs in issue but not yet effective

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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 of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Group are detailed below.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for those stated otherwise, as explained in the accounting policies set out below.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (Continued)

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

The principal accounting policies are set out below.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

— Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

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

— Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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

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

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

Revenue from contracts with customers

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

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

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

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

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

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

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

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

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

Output method

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (such as sales commission) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

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 recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

On the disposal of a foreign operation, that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of a control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset, 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 re-attributed to noncontrolling interests and are not recognised in profit or loss. For all other partial disposals, that is, partial disposal of associates or joint arrangements that do not result in the Group losing significant influence or joint control. The proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Employee benefits

Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, in accordance with the rules of the MPF Scheme.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

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 other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 33 to the consolidated financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of the reporting period, the Group revises its estimates 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. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited 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 retained profits.

Taxation

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

Current tax

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

Deferred tax

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

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

The carrying amount of deferred tax assets is reviewed at the end of 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax (Continued)

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.

Current and deferred tax for the year

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

For leasing transaction in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold improvement	50% or remaining lease term
Furniture and equipment	20%
Computer equipment	20%

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs are interests and other costs (e.g. transaction costs) that an entity incurs in connection with the borrowing of funds.

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

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

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

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below). Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Future trading right

Future trading rights, with which the holders have the rights to trade on the Stock Exchange and Hong Kong Futures Exchange Limited ("HKFE") are stated at cost less accumulated amortisation and impairment losses. The costs are amortised over 5 years based on the management opinion.

Film rights

Film rights are stated at cost less accumulated amortisation and impairment losses. Their costs are amortised over 7 years based on the expected lifespan of the film rights with reference to development plan.

Derecognition of intangible assets

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

Impairment on plant and equipment, right-of-use assets, and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on plant and equipment, right-of-use assets, and intangible assets other than goodwill (Continued)

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) 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 a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Offsetting of financial instruments

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

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

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

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

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash at banks and cash on hand, demand deposits with banks and other financial institutions, short-term, highly liquid investments that are readily convertible to cash and with a maturity of three months or less from date of investment, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issue of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Financial instruments

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

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

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

Interest/dividend income which are derived from the Group's ordinary course of business are presented as revenue.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset is classified as held for trading if:

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

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

(i) Amortised cost and interest income

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

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

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other gains and losses line item in profit or loss.

(iv) Financial assets at FVTPL

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

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

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including loan to customers, advances to customers in margin financing, advances to customers for merger and acquisition activities and asset-backed financing to customers, investment securities at amortised cost, reverse repurchase agreements, accounts receivable that is not result of transactions within the scope of HKFRS 15, deposits and other receivables, cash and cash equivalents, cash held on behalf of customers and debt instruments), loan commitments and contract assets (if any). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

(i) Significant increase in credit risk

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

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

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

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

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it 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 it has an internal or external credit rating of "investment grade" as per globally understood definitions.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

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

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

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

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

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial assets at a deep discount that reflects the incurred credit losses.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables and loans 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. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

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

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

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 entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to other gains and losses.

On derecognition of a financial asset at fair value through profit or loss, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

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

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities including trade payables, accruals and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

Segment reporting

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A related party is a person or entity that is related to the Group that is preparing its consolidated financial statements.

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

(1) has control or joint control of the Group;

(2) has significant influence over the Group; or

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

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

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

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

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third party and the other entity is an associate of the third party.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(6) The entity is controlled or jointly-controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

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

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

Refundable rental deposits

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Lease liabilities

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

The lease payments include:

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is 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 underlying 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 ongoing 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.

Key sources of estimation uncertainty

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

Depreciation and amortisation

The Group depreciates and amortises the plant and equipment and intangible assets over their estimated useful lives respectively and after taking into account their estimated residual values, using the straight-line method. The estimated useful lives reflect the Directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's plant and equipment and intangible assets. The residual values reflect the Directors' estimated amount that the Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Provision of ECL on trade receivables and other receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customers' current credit-worthiness, as determined by review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses.

In assessing the lifetime ECL on credit-impaired financial assets, the Group performs the assessment based on the Group's historical credit loss experience, adjusted for factors that specific to the debtors or borrowers, general economic conditions and both the current conditions at the reporting date as well as the forecast of future conditions with significant judgments involved. Moreover, the Group also reviews the value of the collateral received from the customers in determining the impairment. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce material differences between loss estimates and actual loss experience. As at 31 March 2021, the carrying amount of trade receivables is HK$49,662,276 (2020: HK$40,888,088). The Group has made HK$nil (2020: HK$4,028,125) impairment loss during the year.

Provision of ECL on loans receivables

The Group reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group (e.g. payment delinquency or default), or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

As at 31 March 2021, the carrying amount of loans receivables is HK$114,569,434 (2020: HK$99,169,258). The Group has made HK$20,573,668 (2020: HK$6,353,364) impairment loss during the year.

Fair value measurement of financial instruments

The Company selects appropriate valuation techniques for financial instruments which are classified as level 2. If the market for a financial instrument is not active, the Group estimates fair value by using a valuation technique. Valuation techniques include using recent prices in arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, or discounted cash flow analyses and option pricing models. To the extent practicable, valuation technique makes the maximum use of observable market inputs. However, where observable market inputs are not available, management needs to make estimates and use alternatives on such unobservable market inputs.

Income and deferred tax

As at 31 March 2021, the Group had estimated unused tax losses of HK$339,569 (2020: HK$1,720,381) available for offset against future profits. No deferred tax assets have been recognised on such tax losses due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future.

5. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. In addition, a subsidiary of the Group licensed by the Securities and Futures Commission ("SFC") is obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("FRR") at all times.

For the licensed subsidiary, the Group ensures that it maintains a liquid capital level adequate to support the level of activities with sufficient buffer to accommodate for increases in liquidity requirements arising from potential increases in the level of business activities. During the financial year, the licensed subsidiary complied with the liquid capital requirements under the FRR at all times.

Consistent with practices in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total indebtedness divided by total capital. Total indebtednesses is total bank borrowings (including current and non-current bank borrowings). Total capital is calculated as "equity", as shown in the consolidated statement of financial position.

At the end of the reporting period, the Group has bank borrowings of HK$22,000,000 (2020: HK$nil) and, accordingly, the gearing ratio is 0.09 (2020: nil).

The increase in the gearing ratio during the year resulted mainly from an increase in bank borrowings for the year.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial assets	**Financial assets at fair value through profit or loss (held for trading)** *HK$*	**Financial assets at fair value through other comprehensive income** *HK$*	**Financial assets at amortised costs** *HK$*	**Total** *HK$*
2021				
Financial assets at fair value through other comprehensive income *(Note 24)*	—	24,850,567	—	24,850,567
Financial assets at fair value through profit or loss *(Note 25)*	50,875,559	—	—	50,875,559
Other assets	—	—	1,705,000	1,705,000
Trade and other receivables	—	—	50,385,547	50,385,547
Loans receivables *(Note 22)*	—	—	114,569,434	114,569,434
Cash and cash equivalents	—	—	42,833,501	42,833,501
	50,875,559	24,850,567	209,493,482	285,219,608
2020				
Financial assets at fair value through other comprehensive income *(Note 24)*	—	22,589,624	—	22,589,624
Financial assets at fair value through profit or loss *(Note 25)*	31,544,690	—	—	31,544,690
Other assets	—	—	1,730,000	1,730,000
Trade and other receivables	—	—	41,731,099	41,731,099
Loans receivables *(Note 22)*	—	—	99,169,258	99,169,258
Cash and cash equivalents	—	—	69,200,650	69,200,650
	31,544,690	22,589,624	211,831,007	265,965,321

6. FINANCIAL INSTRUMENTS (Continued)

(a) Categories of financial instruments (Continued)

	2021 HK$	2020 HK$
Financial liabilities at amortised cost		
Trade payables	**23,542,923**	28,309,706
Other payables	**4,219,769**	2,990,208
Bank borrowings	**22,000,000**	—
Lease liability	**1,819,949**	4,160,843
	51,582,641	35,460,757

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

(b) Financial risk management objectives and policies

The Group's major financial instruments include other assets, trade receivables, loans receivables, other receivables, deposits, financial assets at FVTPL, financial assets at FVTOCI, pledged bank deposits, bank balances and cash, trade payables, other payables and accruals, bank borrowings and lease liability. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, market risk (foreign currency risk, interest rate risk and equity price 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.

(i) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group's credit risk is primarily attributable to trade receivables due from clients, brokers and clearing houses and loans receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

As at 31 March 2021, 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 trade and loans receivables, deposits and other receivables, bank and cash balances and pledged bank deposits included in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade and loans receivables. The Group has policies in place to ensure that sales are made to customers with a proper credit history. In addition, the directors of the Company review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts.

The Group has no significant concentration of credit risk. The percentage of trade and loans receivables due from the Group's five largest customers in aggregate to the Group's total trade receivables net of allowance is 38% (2020: 23%) as at 31 March 2021.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(i) Credit risk (Continued)

The Group's exposure to credit risk is influenced mainly by individual characteristics of each client rather than the industry or country in which the clients operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual clients. As at 31 March 2021, 4% (2020: 14%) and 35% (2020: 31%) of the total trade and loans receivables due from clients were from the Group's five largest clients.

Further quantitative data in respect of the collaterals and the Group's exposure to credit risk arising from trade and loans receivables are disclosed in notes 21 and 22.

Bank balances are placed in various authorised institutions and the Directors consider the credit risk for such is minimal.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any other guarantees which would expose the Group to credit risk.

(ii) Market risk

Foreign currency risk

Certain assets of the Group are denominated in foreign currencies which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities as at the reporting date are as follows:

	2021		2020	
	Assets	**Liabilities**	Assets	Liabilities
	HK$	***HK$***	*HK$*	*HK$*
Renminbi ("RMB")	**1,334**	**—**	6,793,693	—

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in HK$ against RMB.

The following table shows the sensitivity analysis of a 5% (2020: 5%) increase/decrease in HK$ against RMB, the effect in the profit or loss and other comprehensive income for the year is as follows:

	2021	2020
	HK$	*HK$*
Increase/decrease in profit or loss	**67**	339,685

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) Market risk (Continued)

Interest rate risk

Interest rate risk is the risk of loss due to changes in interest rates. The Group's interest rate risk exposure arises predominantly from margin financing and loans to customers. The margin receivables, loans receivables, bank balances and bank borrowings are exposed to interest rates risk.

The Group's exposure to interest rates risk on financial assets and financial liabilities are detailed below.

	2021	2020
	HK$	*HK$*
Financial instruments bearing variable interest rates in nature		
Assets		
Trade receivables	**46,675,307**	36,519,678
Loans receivables	**114,569,434**	99,169,258
Bank balances	**21,001,699**	43,136,216
Liability		
Bank borrowings	**(22,000,000)**	—
	160,246,440	178,825,152

Sensitivity analysis

At 31 March 2021, assuming the Hong Kong market interest rate had been 50 basis points (2020: 50 basis points) higher/lower and all other variables held constant, the effect in the profit or loss and other comprehensive income for the year is as follows:

	2021	2020
	HK$	*HK$*
Increase/decrease in profit or loss	**801,232**	894,126

In management's opinion, the sensitivity analysis is unrepresentative of the market interest rate risk as the year end exposure does not reflect the exposure during the year.

Equity price risk

The Group is exposed to equity price risk mainly through its investments in listed equity securities and other securities (equity-linked notes).

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) Market risk (Continued)

Equity price risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 5% (2020: 5%) higher/lower, the effect in the profit or loss for the year is as follows:

	2021 ***HK$***	2020 *HK$*
Increase/decrease in profit or loss	**2,543,778**	1,577,235

(iii) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, and to ensure compliance with the Financial Resources Rules. The Group's policy is to regularly monitor its liquidity requirement and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Internally generated cash flows and bank borrowings are the source of funds to finance the operations of the Group. The Group's liquidity risk management includes making available standby bank facilities and diversifying funding sources. The Group regularly reviews major funding positions to ensure adequate financial resources are available to meet their respective financial obligations.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and funding in the short and longer term. All of the Group's current liabilities are expected to be settled within one year. The carrying amounts of all financial liabilities equal to the contractual undiscounted cash outflows.

As at 31 March 2021, the Group has available banking facilities of HK$27,500,000 (2020: HK$49,500,000) which were not utilised, details are disclosed in note 35.

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iii) Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the reporting date, based on the contractual undiscounted cash flows, is as follows:

	Average interest	Carrying amount *HK$*	On demand or within 1 year *HK$*	1–2 years *HK$*	Total contractual undiscounted cash flow *HK$*
As at 31 March 2021					
Trade and other payables	N/A	26,645,304	26,645,304	—	26,645,304
Bank borrowings	3.72%	22,000,000	22,561,583	—	22,561,583
Lease liability	4.12%	1,819,949	1,845,000	—	1,845,000
		50,465,253	51,051,887	—	51,051,887
As at 31 March 2020					
Trade and other payables	N/A	30,022,315	30,022,315	—	30,022,315
Lease liability	4.12%	4,160,843	2,437,338	1,969,913	4,407,251
		34,183,158	32,459,653	1,969,913	34,429,566

(c) Financial instruments measured at fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1, Level 2 and Level 3.

Financial assets	Classified as	Fair value as at 31 March 2021 *HK$*	Fair value as at 31 March 2020 *HK$*	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Listed equity securities in Hong Kong	Financial asset at FVTPL	**26,736,280**	25,643,820	Level 1	Quoted bid prices in an active market	N/A	N/A
Listed equity securities in overseas	Financial asset at FVTPL	**2,572,440**	2,119,006	Level 1	Quoted bid prices in an active market	N/A	N/A
Other unlisted securities in Hong Kong	Financial asset at FVTPL	**21,566,839**	3,781,864	Level 2	Quoted values or recent transaction price provided by counterparty financial institutions	N/A	N/A
Listed debt securities in Hong Kong	Financial asset at FVTOCI	**9,549,223**	7,089,226	Level 1	Quoted values or recent transaction price in an active market	N/A	N/A
Listed debt securities in oversea	Financial asset at FVTOCI	**15,300,844**	15,499,898	Level 1	Quoted values or recent transaction price in an active market	N/A	N/A
Unlisted equity securities in Hong Kong	Financial asset at FVTOCI	**500**	500	Level 3	Basis of net asset value of investment.	N/A	N/A

There were no transfers between Level 1, 2 and 3 during the year.

7. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2021 HK$	2020 HK$
Recognised at a point in time		
Commission and brokerage fees from securities dealing on the Stock Exchange	**6,545,721**	7,283,226
Placing and underwriting commission	**1,964,110**	549,552
Commission and brokerage fees from dealing in futures contracts	**458,680**	529,032
Other service income	**259**	2,123
Clearing and settlement fee	**1,485,196**	1,143,466
Handling service and dividend collection fees	**70,918**	84,006
Recognised over time		
Income derived from		
— income right	**—**	1,676,905
— film right	**12,349**	—
Other sources income		
Interest income from		
— margin clients	**6,246,091**	10,450,822
— loan clients	**19,679,716**	20,636,605
— cash clients	**154,187**	177,760
— authorised financial institutions	**180,206**	582,728
— financial assets at fair value through profit or loss	**1,559,999**	—
— financial assets at fair value through other comprehensive income	**2,749,554**	1,294,475
— others	**22,020**	1,832
	41,129,006	44,412,532

Note: Income recognised at "a point in time" and "over time" are revenue arising from HKFRS 15, while interest income are under the scope of HKFRS 9.

See note 9 for an analysis of revenue by major services.

8. (a) NET OTHER INCOME, GAINS AND LOSSES

	2021 HK$	2020 HK$
Dividend income	87,931	160
Net exchange income (loss)	84,470	(63,235)
Gain on disposal of income right	—	4,778,912
Government grants	662,684	—
Sundry income	93,205	120,460
	928,290	4,836,297

During the year ended 31 March 2021, the Group recognised government grants of HK$662,684 in respect of Covid-19 related subsidies, of which HK$612,684 relates to Employment Support Scheme provided by the Hong Kong Government.

(b) IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2021 HK$	2020 HK$
Impairment loss on trade receivables under ECL model	—	(4,028,125)
Impairment loss on loans receivables under ECL model	(20,573,668)	(6,353,364)
Recovery of trade receivables	1,880,039	5,036,777
Recovery of loans receivables	2,618,550	—
	(16,075,079)	(5,344,712)

9. BUSINESS AND GEOGRAPHICAL SEGMENTS

Information reported to the Board, being the CODM, for the purposes of resource allocation and assessment of segment performance, focuses on types of services provided. In addition, for 'Securities, futures and options brokering and trading', 'Placing and underwriting', 'Loan financing', 'Securities advisory service' and 'Investment holding', the information reported to the Board is further analysed based on the different classes of customers.

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

Securities, futures and options brokering and trading	Provision of securities and futures brokering services and margin financing
Placing and underwriting	Provision of placing and underwriting services
Loan financing	Provision of money lending service
Securities advisory service	Provision of securities advisory service
Investment holding	Investment income and capital appreciation

The reportable segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conforming to HKFRSs that are regularly reviewed by the CODM.

Segments profit represents profit earned by each segment without allocation of net other income, gains and losses, central administration costs and finance costs. This is the basis of measurement reported to the CODM for the purposes of resource allocation and assessment of segment performance.

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

2021

	Securities, futures and options brokering and trading HK$	Placing and underwriting HK$	Loan financing HK$	Securities advisory service HK$	Investment holding HK$	Consolidated HK$
Segment revenues						
— Recognised at a point in time	**8,560,515**	**1,964,110**	**—**	**—**	**259**	**10,524,884**
— Recognised over time	**—**	**—**	**—**	**—**	**12,349**	**12,349**
— Other sources income	**6,539,978**	**—**	**19,693,658**	**—**	**4,358,137**	**30,591,773**
	15,100,493	**1,964,110**	**19,693,658**	**—**	**4,370,745**	**41,129,006**
Segment results	**6,521,251**	**1,524,850**	**(302,402)**	**(190,622)**	**14,773,882**	**22,326,959**
Net other income, gains and losses						**2,720,396**
Unallocated administrative expenses						**(4,756,171)**
Finance cost						**(483,496)**
Profit before tax						**19,807,688**
Income tax expenses						**(4,619,087)**
Profit for the year						**15,188,601**

2020

	Securities, futures and options brokering and trading HK$	Placing and underwriting HK$	Loan financing HK$	Securities advisory service HK$	Investment holding HK$	Consolidated HK$
Segment revenues						
— Recognised at a point in time	9,039,730	549,552	—	—	2,123	9,591,405
— Recognised over time	—	—	—	—	1,676,905	1,676,905
— Other sources income	11,055,370	—	20,643,858	—	1,444,994	33,144,222
	20,095,100	549,552	20,643,858	—	3,124,022	44,412,532
Segment results	10,693,197	97,558	11,991,047	(195,666)	1,009,556	23,595,692
Net other income, gains and losses						4,836,134
Unallocated administrative expenses						(3,486,568)
Finance cost						(498,891)
Profit before tax						24,446,367
Income tax expenses						(932,946)
Profit for the year						23,513,421

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

Segment revenues and results (Continued)

Revenue reported above represents revenue generated from external customers. There were no inter-segment transactions during the year (2020: HK$nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by each segment without allocation of net other income, gains and losses, unallocated administrative expenses and finance costs. This is the measure reported to the COMD for the purpose of resources allocation and performance assessment.

Segment assets and liabilities

	2021					
	Securities, futures and options brokering and trading *HK$*	**Placing and underwriting** *HK$*	**Loan financing** *HK$*	**Securities advisory service** *HK$*	**Investment holding** *HK$*	**Consolidated** *HK$*
Assets						
Segment assets	**73,651,752**	**—**	**114,569,991**	**—**	**75,755,179**	**263,976,922**
Unallocated assets						**23,404,475**
Total assets						**287,381,397**
Liabilities						
Segment liabilities	**25,761,727**	**—**	**426,522**	**—**	**4,177,741**	**30,365,990**
Unallocated liabilities						**24,229,628**
Total liabilities						**54,595,618**

	2020					
	Securities, futures and options brokering and trading *HK$*	Placing and underwriting *HK$*	Loan financing *HK$*	Securities advisory service *HK$*	Investment holding *HK$*	Consolidated *HK$*
Assets						
Segment assets	70,762,642	—	116,686,333	—	65,122,754	252,571,729
Unallocated assets						20,482,515
Total assets						273,054,244
Liabilities						
Segment liabilities	29,105,425	—	229,590	—	3,013,366	32,348,381
Unallocated liabilities						4,217,529
Total liabilities						36,565,910

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

Segment assets and liabilities (Continued)

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

- all assets are allocated to reportable segments other than part of other receivables, deposits and prepayments, tax refundable, pledged bank deposit and bank balances and cash-general accounts. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and
- all liabilities are allocated to reportable segments other than part of other payables, accruals, bank borrowings, income tax payables and deferred tax liabilities. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Other information

2021

	Securities, futures and options brokering and trading *HK$*	Placing and underwriting *HK$*	Loan financing *HK$*	Securities advisory service *HK$*	Investment holding *HK$*	Unallocated *HK$*	Consolidated *HK$*
Additions to plant and equipment	21,937	—	—	—	—	—	21,937
Depreciation of plant and equipment	242,424	—	—	—	—	—	242,424
Depreciation of right-of-use assets	—	—	—	—	—	2,318,255	2,318,255
Impairment loss on loans receivables under ECL model	—	—	20,573,668	—	—	—	20,573,668
Recovery of trade receivables	(1,880,039)	—	—	—	—	—	(1,880,039)
Recovery of loans receivables	—	—	(2,618,550)	—	—	—	(2,618,550)

2020

	Securities, futures and options brokering and trading *HK$*	Placing and underwriting *HK$*	Loan financing *HK$*	Securities advisory service *HK$*	Investment holding *HK$*	Unallocated *HK$*	Consolidated *HK$*
Additions to plant and equipment	92,600	—	—	—	—	—	92,600
Depreciation of plant and equipment	325,573	—	3,502	—	—	—	329,075
Depreciation of right-of-use assets	—	—	—	—	—	2,260,234	2,260,234
Impairment loss on trade receivables under ECL model	4,028,125	—	—	—	—	—	4,028,125
Impairment loss on loans receivables under ECL model	—	—	6,353,364	—	—	—	6,353,364
Recovery of trade receivables	(5,036,777)	—	—	—	—	—	(5,036,777)

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

Geographical information

The Group operates in two principal geographical areas — Hong Kong and the People's Republic of China (the "PRC").

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

	Revenue from external customers		Non-current assets*	
	2021	2020	**2021**	2020
	HK$	*HK$*	***HK$***	*HK$*
Hong Kong	**41,129,006**	42,735,627	**2,096,256**	2,320,723
The PRC	**—**	1,676,905	**—**	—
	41,129,006	44,412,532	**2,096,256**	2,320,723

* Non-current assets exclude financial instruments and right-of-use assets.

Information on major customers

One major customer of the Group accounted for approximately 10.3% (2020: 10.9%) of the total revenue during the year ended 31 March 2021. No other single customer contributed 10% or more to the Group's revenue for both years.

10. FINANCE COSTS

	2021	2020
	HK$	*HK$*
Interest on bank borrowings	**323,980**	285,460
Interest on shareholder loan	**40,411**	—
Interest on lease liability *(Note 19b)*	**119,105**	213,431
	483,496	498,891

11. PROFIT BEFORE TAX

	2021 **HK$**	2020 HK$
Profit before tax has been arrived at after charging (crediting):		
Staff costs (including Directors' emoluments)	**6,200,666**	6,364,614
Auditor's remuneration	**630,000**	630,000
Depreciation of plant and equipment	**242,424**	329,075
Depreciation of right-of-use assets	**2,318,255**	2,260,234
Impairment loss on trade receivables under ECL model	**—**	(4,028,125)
Impairment loss on loans receivables under ECL model	**(20,573,668)**	(6,353,364)
Recovery of trade receivables	**1,880,039**	5,036,777
Recovery of loans receivables	**2,618,550**	—
Net gain on trading of financial assets at fair value through profit or loss	**(4,419,851)**	(445,817)
Net gain on derecognition of financial assets of fair value through other comprehensive income	**(85,023)**	—
Net change in fair value of financial assets at fair value through profit or loss	**(6,521,348)**	2,153,145

12. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2021 **HK$**	2020 HK$
Salaries, allowances and other benefits in kind	**6,018,875**	6,177,888
Defined contribution retirement benefit scheme contributions	**181,791**	186,726
	6,200,666	6,364,614

13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the six (2020: seven) Directors were as follows:

Year ended 31 March 2021

	Fees *HK$*	Salaries, allowance and benefit in kind *HK$*	Discretionary bonuses *HK$*	Defined contribution retirement benefit scheme contributions *HK$*	Share-based payment *HK$*	Total *HK$*
Executive Directors						
Kwok Kin Chung *(Chief Executive Officer)*	—	1,053,182	—	18,000	—	1,071,182
Lau Kin Hon	—	390,000	—	18,000	—	408,000
Yu Linda	—	546,000	—	18,000	—	564,000
Independent non-executive Directors						
Poon Wing Chuen	120,000	—	—	—	—	120,000
Wang Rongqian	120,000	—	—	—	—	120,000
Hu Chao	120,000	—	—	—	—	120,000
	360,000	1,989,182	—	54,000	—	2,403,182

Year ended 31 March 2020

	Fees *HK$*	Salaries, allowance and benefit in kind *HK$*	Discretionary bonuses *HK$*	Defined contribution retirement benefit scheme contributions *HK$*	Share-based payment *HK$*	Total *HK$*
Executive Directors						
Kwok Kin Chung *(Chief Executive Officer)*	—	1,083,314	—	18,000	—	1,101,314
Lau Kin Hon	—	390,000	—	18,000	—	408,000
Yu Linda	—	546,000	—	18,000	—	564,000
Independent non-executive Directors						
Chiu Wai Keung (resigned on 17/12/2019)	85,484	—	—	—	—	85,484
Poon Wing Chuen	120,000	—	—	—	—	120,000
Wang Rongqian	120,000	—	—	—	—	120,000
Hu Chao (appointed on 17/12/2019)	34,839	—	—	—	—	34,839
	360,323	2,019,314	—	54,000	—	2,433,637

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

(b) Directors' termination benefits

During the year ended 31 March 2021, no termination benefits were paid to the Directors (2020: nil).

(c) Consideration provided to third parties for making available Directors' services

During the year ended 31 March 2021, no consideration was paid for making available the services of the Directors (2020: nil).

(d) Information about loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate and connected entities with such Directors

During the year ended 31 March 2021, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries of the Company, where applicable, in favour of the Directors (2020: nil).

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2020: nil).

(f) Five highest paid individuals

During the year, of the five highest paid individuals in the Group, two (2020: two) were executive Directors whose emoluments are set out above. The emoluments of the remaining three (2020: three) individuals are as follows:

	2021 ***HK$***	2020 *HK$*
Salaries, allowances and benefit in kind	**1,975,266**	2,083,951
Defined contribution retirement benefit scheme contributions	**54,000**	54,000
	2,029,266	2,137,951

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

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

No emoluments were paid to the Directors or the other three highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during each of the two years ended 31 March 2021 and 2020. None of the Directors and other three highest paid individuals of the Company has waived or agreed to waive any emoluments during the year.

14. INCOME TAX EXPENSES

	2021 **HK$**	2020 HK$
Hong Kong Profits Tax		
— current year	**4,262,411**	1,796,641
— over-provision in prior year	**(20,000)**	(185,000)
Deferred tax		
— current year *(Note 30)*	**376,676**	(678,695)
	4,619,087	932,946

Under the two-tiered profits tax rates regime, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% (2020: 8.25%) on the first HK$2,000,000 of the estimated assessable profits and at 16.5% (2020: 16.5%) on the estimated assessable profits above HK$2,000,000. The profits of other group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2020: 16.5%).

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

	2021 **HK$**	2020 HK$
Profit before tax	**19,807,688**	24,446,367
Tax at the profits tax rate of 16.5% (2020:16.5%)	**3,268,268**	4,033,647
Tax effect of expenses not deductible for tax purpose	**2,597,588**	57,117
Tax effect of income not taxable for tax purpose	**(793,935)**	(1,157,371)
Tax effect of temporary difference not recognised	**—**	(1,531)
Utilisation of tax losses previously not recognised	**(227,834)**	(1,608,916)
Over-provision in prior year	**(20,000)**	(185,000)
Tax effect of tax reduction	**(40,000)**	(40,000)
Tax effect of two-tiered tax rate	**(165,000)**	(165,000)
Tax expenses for the year	**4,619,087**	932,946

At 31 March 2021, the Group had estimated tax losses of HK$339,569 (2020: HK$1,720,381) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

15. DIVIDEND

	2021	2020
	HK$	*HK$*
2020 Final dividend paid — HK1.0 cent per share (2019 Final dividend paid — HK1.0 cents per share)	**22,000,000**	22,000,000

The Board proposed a final dividend of HK0.5 cent per ordinary share for the year ended 31 March 2021 (2020: HK1.0 cent). This proposed final dividend is not reflected as a dividend payable as of 31 March 2021, but will be recorded as a distribution of retained profits for the year ending 31 March 2022.

16. EARNINGS PER SHARE

	2021	2020
	HK$	*HK$*
Profit for the year attributable to owners of the Company	**15,188,601**	23,513,421

	2021	2020
Number of ordinary shares for the purposes of basic earnings per share	**2,200,000,000**	2,200,000,000
Effect of dilutive potential ordinary shares:		
Share options of the Company	**—**	—
Number of ordinary shares for the purposes of diluted earnings per share	**2,200,000,000**	2,200,000,000

The calculation of basic earnings per share is based on the Group's profit attributable to the owners of the Company of HK$15,188,601 (2020: HK$23,513,421) and the number of ordinary shares of 2,200,000,000 (2020: 2,200,000,000) in issue during the year.

The calculation of diluted earnings per share for the year ended 31 March 2021 is based on the profit for the year attributable to owners of the Company of HK$15,188,601 (2020: HK$23,513,421) and the weighted average number of 2,200,000,000 (2020: 2,200,000,000) dilutive potential ordinary shares in issue during the year.

The computation of diluted earnings per share does not assume the exercise of the Group's outstanding share options as the exercise price of those options is higher than the average market price of the Company's shares for 2021.

17. PLANT AND EQUIPMENT

	Leasehold improvements HK$	Furniture and equipment HK$	Computer equipment HK$	Total HK$
COST				
At 1 April 2019	1,616,069	1,013,989	4,631,662	7,261,720
Additions	—	—	92,600	92,600
At 31 March 2020 and 1 April 2020	1,616,069	1,013,989	4,724,262	7,354,320
Additions	—	—	21,937	21,937
Written-off	—	(18,605)	(49,850)	(68,455)
At 31 March 2021	1,616,069	995,384	4,696,349	7,307,802
ACCUMULATED DEPRECIATION				
At 1 April 2019	1,581,559	879,317	4,147,345	6,608,221
Charge for the year	34,510	75,568	218,997	329,075
At 31 March 2020 and 1 April 2020	1,616,069	954,885	4,366,342	6,937,296
Charge for the year	—	55,726	186,698	242,424
Written-off	—	(18,605)	(49,850)	(68,455)
At 31 March 2021	1,616,069	992,006	4,503,190	7,111,265
NET CARRYING VALUES				
At 31 March 2021	—	3,378	193,159	196,537
At 31 March 2020	—	59,104	357,920	417,024

18. INTANGIBLE ASSETS

	Futures trading right *HK$*	Film right *HK$*	Total *HK$*
COST			
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	348,900	3,807,000	4,155,900
ACCUMULATED AMORTISATION			
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	348,900	1,580,282	1,929,182
ACCUMULATED IMPAIRMENT LOSS			
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	—	2,226,718	2,226,718
NET CARRYING VALUES			
At 31 March 2021	—	—	—
At 31 March 2020	—	—	—

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

Future trading right	5 years
Film right	7 years

The Group's intangible assets in 2021 include two (2020: two) items, which are futures trading rights and film rights.

Futures trading rights are the eligibility rights acquired to trade on or through Hong Kong Futures Exchange Limited, are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 5 years. Futures trading rights were fully amortised as at 31 March 2014.

The management of the Group considered that the film right will not have any foreseeable profit. The carrying amount of the film right is HK$nil (2020: HK$nil), net of accumulated impairment loss of HK$2,226,718 (2020: HK$2,226,718), as at 31 March 2021.

19. LEASES

(a) Right-of-use assets

	Leased property *(Note)* *HK$*
COST	
As at 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	**6,891,469**
ACCUMULATED DEPRECIATION	
As at 1 April 2019	**574,289**
Provided for the year	**2,260,234**
As at 1 April 2020	**2,834,523**
Provided for the year	**2,318,255**
As at 31 March 2021	**5,152,778**
NET CARRYING VALUE	
As at 31 March 2021	**1,738,691**
As at 31 March 2020	**4,056,946**

Note: The leased property represents leased office premise in Hong Kong with remaining lease term of 1 year.

(b) Lease liability

The following table shows the remaining contractual maturities of the Group's lease liability at the end of the reporting period:

	31 March 2021		1 April 2020	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
Within 1 year	**1,819,949**	**1,947,500**	2,340,894	2,460,000
After 1 year but within 2 years	**—**	**—**	1,819,949	1,947,500
After 2 years but within 5 years	**—**	**—**	—	—
After 5 years	**—**	**—**	—	—
	1,819,949	**1,947,500**	4,160,843	4,407,500
Less: total future interest expenses		**(127,551)**		(246,657)
Present value of lease liability		**1,819,949**		4,160,843

The incremental borrowing rate applied to lease liability is 4.12% (2020: 4.12%).

19. LEASES (Continued)

(b) Lease liability (Continued)

Amounts recognised in consolidated profit or loss

	2021 HK$	2020 HK$
Depreciation of right-of-use assets	**2,318,255**	2,260,234
Interest on lease liability	**119,105**	213,431
	2,437,360	2,473,665

Amounts recognised in the consolidated statement of cash flows

	2021 HK$	2020 HK$
Total cash outflow for leases		
Within operating activities	**119,105**	213,431
Within financing activities	**2,340,894**	2,191,136
	2,459,999	2,404,567

20. OTHER ASSETS

	2021 HK$	2020 HK$
Admission fee paid to Hong Kong Securities Clearing Company Limited	**50,000**	50,000
Stamp duty deposit with the Stock Exchange	**5,000**	30,000
Contributions in cash to a guarantee fund with Hong Kong Securities Clearing Company Limited	**50,000**	50,000
Compensation fund with the Stock Exchange	**50,000**	50,000
Fidelity fund with The Stock Exchange	**50,000**	50,000
Deposit with HKFE Clearing Corporation Limited in contribution to the reserve fund	**1,500,000**	1,500,000
	1,705,000	1,730,000

21. TRADE RECEIVABLES

	2021 *HK$*	2020 *HK$*
Trade receivables from the business of dealing in securities:		
— Cash clients	**3,946,506**	93,837
— Margin clients	**43,283,860**	36,519,678
— Clearing houses and brokers	**844,245**	2,219,014
Trade receivables from the business of dealing in futures contracts:		
— Clearing houses	**1,587,665**	2,055,559
	49,662,276	40,888,088

The settlement terms of trade receivables arising from the business of dealing in securities by cash clients are two days after the trade date and trade receivables arising from the business of dealing in futures contracts is one day after the trade date.

Accounts receivable from cash clients relate to a wide range of customers for whom there was no recent history of default. These receivables are supported by their portfolios of securities. Cash clients are required to place cash deposits as prescribed in the Group's credit policy before execution of any purchase transactions. Based on past experience and current assessment, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

Margin clients are required to pledge securities as collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group. At 31 March 2021, margin loans due from margin clients were current and repayable on demand and no margin loans were past due (2020: HK$nil).

21. TRADE RECEIVABLES (Continued)

The aging analysis of trade receivables based on the trade date/invoice date and net of impairment loss, as at the reporting date is as follow:

	2021 HK$	2020 HK$
Margin clients balances:		
No due date	**43,283,860**	36,519,678
Past due but not impaired	**—**	—
	43,283,860	36,519,678
Cash clients balances:		
No due date	**555,059**	93,837
Past due *(Note)*	**3,391,447**	—
	3,946,506	93,837
Other balances:		
Not yet due (within 30 days)	**2,431,910**	4,274,573
Past due	**—**	—
	2,431,910	4,274,573
	49,662,276	40,888,088

Note: All of the past due amounts have been settled after year end date.

Provision of impairment loss on trade receivables:

	2021 HK$	2020 HK$
Margin client balances (before impairment)	**55,213,119**	50,328,976
Impairment loss:		
Balance at beginning of the year	**13,809,298**	14,817,950
Impairment loss under ECL model for the year	**—**	4,028,125
Recovery of the year	**(1,880,039)**	(5,036,777)
Balance at the end of year *(Note)*	**11,929,259**	13,809,298
Margin client balances (after impairment)	**43,283,860**	36,519,678

Note: The balance included an impairment loss of HK$9,068,066 (2020: HK$10,948,105) provided under ECL model.

21. TRADE RECEIVABLES (Continued)

The aging analysis of trade receivables that are past due but not impaired:

	2021 *HK$*	2020 *HK$*
Cash clients balance:		
Past due but not impaired		
30–60 days	**3,391,447**	—
Margin clients balances:		
Past due but not impaired		
More than 180 days	**—**	—

Impairment loss under ECL model

An analysis of changes in the corresponding ECL allowances is as follows:

	Stage 1 *HK$*	**Stage 2** *HK$*	**Stage 3** *HK$*	**Total** *HK$*
As at 1 April 2019	—	3,492,077	8,464,680	11,956,757
Transfer to stage 3	—	(3,492,077)	3,492,077	—
Addition	133,904	676,135	3,218,086	4,028,125
Recoveries	—	—	(5,036,777)	(5,036,777)
As at 31 March 2020 and 1 April 2020	133,904	676,135	10,138,066	10,948,105
Recoveries	(133,904)	(676,135)	(1,070,000)	(1,880,039)
As at 31 March 2021	—	—	9,068,066	9,068,066

To minimise the Group's exposure to credit risk, the management is responsible for the evaluation of the customers' credit ratings, financial background and repayment abilities. Management has set up credit limit for each individual customer, which is subjected to regular review. Any extension of credit beyond the approved limit has to be approved by relevant level of management on an individual basis according to the amount exceeded. The Group has a policy for reviewing impairment of trade receivables which do not have sufficient collateral and those with default or delinquency in interest or principal payment. The assessment is based on an evaluation of the collectability and aging analysis of the accounts and on management's judgement, including current credit-worthiness, collateral's value and past collection history of each customer.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date when credit was initially granted up to the reporting date. The credit risk is considered limited due to the customer base being large and unrelated. The Directors believe that an impairment loss of HK$nil (2020:HK$4,028,125) was necessary for the year ended.

22. LOANS RECEIVABLES

	2021 HK$	2020 HK$
Loans advanced and interest receivables	**114,569,434**	99,169,258

	2021 HK$	2020 HK$
Analysed as:		
Current	**74,838,161**	49,026,206
Non-current	**39,731,273**	50,143,052
	114,569,434	99,169,258

As at 31 March 2021, secured loans with an aggregate amount of HK$90,768,789 (2020: HK$61,974,132) were secured by marketable securities listed in Hong Kong, unlisted securities in Hong Kong and first legal or second legal charges in respect of properties or land located in Hong Kong. The fair value of the marketable securities listed in Hong Kong at 31 March 2021 held as collateral was HK$37,758,000 (2020: HK$905,627). The remaining balance amounted to HK$23,800,645 (2020: HK$37,195,126) was unsecured.

Loans receivables, both current and non-current portions were measured at amortised cost using the effective interest method, less any impairment losses. In accordance with HKFRS 9, these loans receivables will continue to be measured at amortised cost because the criteria of the Solely Payments of Principal and Interest test have been met.

The effective interest rates of the Group's loans receivables are 8%–30% per annum (2020: 8%–27% per annum). The decrease in effective interest rates were mainly due to decrease in market interest rates of loan financing business.

As at 31 March 2021, included in the loans receivables was a balance of HK$16,942,892 (2020: HK$31,081,751) which was past due but not impaired. These loans receivables were either secured by sufficient collateral or was settled subsequently to the year end date.

Provision of impairment loss on loans receivables:

	2021 HK$	2020 HK$
Balance at beginning of the year	**6,353,364**	—
Impairment loss under ECL model for the year	**20,573,668**	6,353,364
Recovery of loans receivables for the year	**(2,618,550)**	—
Written-off	**(98,613)**	—
	24,209,869	6,353,364

22. LOANS RECEIVABLES (Continued)

	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Total HK$
As at 1 April 2019	—	—	—	—
Arising from loans receivables	2,180,572	3,224,179	948,613	6,353,364
As at 31 March 2020 and 1 April 2020	2,180,572	3,224,179	948,613	6,353,364
Arising from loans receivables	111,070	12,715,491	7,747,107	20,573,668
Recoveries	—	(1,768,550)	(850,000)	(2,618,550)
Written-off	—	—	(98,613)	(98,613)
Transfer to stage 2	(2,180,572)	2,180,572	—	—
As at 31 March 2021	111,070	16,351,692	7,747,107	24,209,869

The following significant changes in the gross carrying amounts of loans receivables contributed to the increase in the loss allowance during the year:

- Arising from loans receivables of HK$111,070 to stage 1, HK$12,715,491 to stage 2 and of HK$7,747,107 to stage 3, resulting in an increase in loss allowance of HK$20,573,668. During the year, the group have record a recoveries of HK$1,768,550 from stage 2 and HK$850,000 from stage 3.

To minimise the Group's exposure to credit risk, the management is responsible for the evaluation of the customers' credit ratings, financial background and repayment abilities. Management has set up credit limit for each individual customer, which is subjected to regular review. Any extension of credit beyond the approved limit has to be approved by relevant level of management on an individual basis according to the amount exceeded. The Group has a policy for reviewing impairment of loans receivables which do not have sufficient collateral and those with default or delinquency in interest or principal payment. The assessment is based on an evaluation of the collectability and aging analysis of the accounts and on management's judgement, including current credit-worthiness, collateral's value and past collection history of each customer.

In determining the recoverability of the loans receivables, the Group considers any change in the credit quality of the loans receivables from the date when credit was initially granted up to the reporting date. The Directors believe that an impairment loss of HK$20,573,668 (2020: HK$6,353,364) was necessary for the year ended.

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 ***HK$***	2020 *HK$*
Non-current asset:		
Rental and utilities deposits	**—**	698,875
Current assets:		
Other receivables	**16,500**	12,800
Rental, utilities and other deposits	**706,771**	131,336
Prepayments	**31,842**	51,294
	755,113	195,430

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	2021 HK$	2020 HK$
Equity securities:			
Unlisted	(i)	**500**	500
		500	500
Debt securities:			
Listed in Hong Kong	(ii)	**9,549,223**	7,089,226
Listed outside Hong Kong	(ii)	**15,300,844**	15,499,898
		24,850,067	22,589,124
		24,850,567	22,589,624
Analysed as:			
Non-current assets		**13,851,552**	17,688,534
Current assets		**10,999,015**	4,901,090
		24,850,567	22,589,624

(i) Unlisted equity securities

According to the latest information available, Sanderia Group Limited was incorporated in Hong Kong. The management of the Company considered that the fair value of this investment is HK$500 (2020: HK$500).

(ii) Debt securities

As at 31 March 2021, the Group held 6 bonds (2020: 6 bonds) and all are issued by companies which are listed either in Hong Kong or outside Hong Kong. All of the bonds were designated at fair value through other comprehensive income on initial recognition and the fair value at the end of the reporting period of approximately HK$24,850,067 (2020: HK$22,589,124) was included in debt securities. The fair values of debt securities are based on quoted values or recent transaction price in an active market as at the end of the reporting period.

The unrealised (gain) loss on financial assets at fair value through other comprehensive income of HK$(2,634,957) (2020: HK$2,251,684) has been recognised in fair value through other comprehensive income reserve and HK$(473,887) (2020: HK$nil) has reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the year.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 **HK$**	2020 HK$
Listed securities		
— Equity securities in Hong Kong, at fair value	**26,736,280**	25,643,820
— Equity securities in overseas, at fair value	**2,572,440**	2,119,006
	29,308,720	27,762,826
Other unlisted securities *(Note)*	**21,566,839**	3,781,864
	50,875,559	31,544,690

Note:

Other unlisted securities

As at 31 March, 2021, the Group held equity-linked notes with maximum coupon rate of 1.25%–2.22% (2020: 1.25%) per annum. The notes were designated at fair value through profit and loss on initial recognition and the fair value at the end of the reporting period of approximately HK$21,566,839 (2020: HK$3,781,864) was included in other unlisted securities. The fair values of other unlisted securities are based on quoted values or recent transaction prices provided by counterparty financial institutions, where appropriate.

26. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

	2021 **HK$**	2020 HK$
Bank balances and cash		
— trust accounts	**21,831,802**	26,064,434
— general accounts and cash	**11,001,699**	33,136,216
Pledged bank deposits	**10,000,000**	10,000,000
	42,833,501	69,200,650

The Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of customers under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on the grounds that one is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

The general accounts and cash comprise cash held by the Group and bank deposits bear interest at commercial rates with original maturity of three months or less.

Pledged bank deposit represents deposit pledged to bank to secure banking facilities granted to the Group. Deposits amounting to HK$10,000,000 (2020: HK$10,000,000) have been pledged to secure bank overdraft and bank loans.

Bank balances carry interest at prevailing market rates which range from 0.001% to 0.1% (2020: 0.001% to 0.1%) per annum.

27. TRADE PAYABLES

	2021 **HK$**	2020 HK$
Trade payables from the business of dealing in securities:		
— Cash clients	**14,270,293**	18,675,877
— Margin clients	**5,961,648**	5,407,335
Trade payables from the business of dealing in futures contracts:		
— Margin clients	**3,310,982**	4,226,494
	23,542,923	28,309,706

The settlement terms of trade payables arising from the business of dealing in securities are two days after trade date, and trade payables arising from the business of dealing in futures contracts are one day after trade date. No aging analysis is disclosed as in the opinion of the Directors, the aging analysis does not give additional value in view of the short period for payment.

Included in the trade payables to cash clients and margin clients attributable to dealing in securities and futures contracts transaction is an amount of HK$21,831,802 (2020: HK$26,064,434) representing these clients' undrawn monies/excess deposits placed with the Group. The balances are repayable on demand.

28. OTHER PAYABLES AND ACCRUALS

	2021 **HK$**	2020 HK$
Accrued charges	**1,117,388**	1,277,599
Stamp duty, trading levies and trading fee payables	**1,474,530**	85,405
Other payables *(Note)*	**1,627,851**	1,627,204
	4,219,769	2,990,208

All accrued expenses and other payables are expected to be settled within one year.

Note: The other payables included HK$1,500,000 (2020: HK$1,500,000) of refundable earnest money received from independent third parties.

29. BANK BORROWINGS

	Notes	**2021** **HK$**	2020 HK$
Bank loans			
— Secured	*(a)*	**20,000,000**	—
— Unsecured	*(b)*	**2,000,000**	—
		22,000,000	—

Notes:

(a) Secured bank loan of HK$20,000,000 (2020: HK$Nil) carrying interest at the rate of HIBOR plus 2.5% per annum was drawn under the banking facilities of HK$20,000,000 (2020: HK$20,000,000). Pledged bank deposits of HK$5,000,000 (2020: HK$5,000,000) represents deposits pledged to banks to secure bank facilities granted to the Group.

(b) Unsecured bank loan of HK$2,000,000 (2020: HK$Nil) carrying interest at the rate of HIBOR plus 2.75% per annum was drawn under the aggregated banking facilities of HK$14,500,000 (2020: HK$14,500,000). The bank loan was guaranteed by the Company for a subsidiary.

The Company provided a corporate guarantee to support these banking facilities to its subsidiaries.

The banking facilities are subject to the fulfilment of covenants. If the Group was to breach the covenants, the drawn down facility would become payable on demand.

The effective interest rate on the bank loans is equal to the contracted interest rate.

Bank overdraft carries interest at the rate of 0.75% per annum below the bank's HKD Prime Rate and is secured by a bank deposit of HK$5,000,000 (2020: HK$5,000,000).

30. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior reporting year:

	Depreciation allowances in excess of the related depreciation *HK$*	Unrealised gain on financial assets at FVTPL *HK$*	Total *HK$*
At 1 April 2019	(149,658)	1,719,632	1,569,974
Credit for the year *(Note 14)*	(24,040)	(654,655)	(678,695)
At 31 March 2020 and 1 April 2020	(173,698)	1,064,977	891,279
(Credit) charge for the year *(Note 14)*	(21,021)	397,697	376,676
At 31 March 2021	(194,719)	1,462,674	1,267,955

31. SHARE CAPITAL

	Number of ordinary shares HK$0.01 each	*HK$*
Authorised:		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	5,000,000,000	50,000,000
Issued and fully paid:		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	2,200,000,000	22,000,000

32. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of financial position of the company

	2021	2020
	HK$	*HK$*
Non-current assets		
Investment in a subsidiary	**8**	8
Right-of-use assets	**1,738,691**	4,056,946
Rental and utility deposits	**—**	698,875
	1,738,699	4,755,829
Current assets		
Rental and utility deposits	**698,875**	—
Amounts due from subsidiaries	**198,002,150**	196,782,856
Bank balances and cash — general accounts	**247,248**	3,239,837
	198,948,273	200,022,693
Current liabilities		
Other payables	**219,565**	183,915
Income tax payables	**100,737**	7,489
Amount due to a subsidiary	**103,470**	3,157,584
Lease liability — due within one year	**1,819,949**	2,340,894
	2,243,721	5,689,882
Net current assets	**196,704,552**	194,332,811
Total assets less current liabilities	**198,443,251**	199,088,640
Non-current liability		
Lease liability — due after one year	**—**	1,819,949
Net assets	**198,443,251**	197,268,691
Capital and reserves		
Share capital	**22,000,000**	22,000,000
Reserves	**176,443,251**	175,268,691
Total equity	**198,443,251**	197,268,691

The statement of financial position was approved and authorised for issue by the Board of Directors on 24 June 2021 and are signed on its behalf by:

Kwok Kin Chung
Director

Lau Kin Hon
Director

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

(b) Reserve movement of the Company

	Share premium HK$	Merger reserve HK$	Share option reserve HK$	Retained profits HK$	Total HK$
At 1 April 2019	130,931,993	32,500,000	8,275,000	2,768,071	174,475,064
Profit and total comprehensive income for the year	—	—	—	22,793,627	22,793,627
Dividend	—	—	—	(22,000,000)	(22,000,000)
At 31 March 2019 and 1 April 2019	130,931,993	32,500,000	8,275,000	3,561,698	175,268,691
Profit and total comprehensive income for the year	—	—	—	23,174,560	23,174,560
Dividend	—	—	—	(22,000,000)	(22,000,000)
At 31 March 2021	130,931,993	32,500,00	8,275,000	4,736,258	176,443,251

The Company's reserves available for distribution to its shareholders comprise share premium, merger reserve, share options reserve and retained profits which in aggregate amounted to HK$176,443,251 as at 31 March 2021 (2020: HK$175,268,691). Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the payment of distributions or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends shall be payable out of retained earnings or other reserves, including the share premium account, of the Company.

33. SHARE OPTION SCHEMES

The Company adopted the Share Option Scheme (the "Share Option Scheme") on 22 February 2011, which was approved by the shareholders' written resolutions, is valid and effective for a period of 10 years. It was established to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group. Pursuant to the Share Option Scheme, the Board may, at its discretion and on such terms as it may think fit, offer to grant an option to any employee (fulltime or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group. An offer for the grant of share options must be accepted within 7 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

33. SHARE OPTION SCHEMES (Continued)

Under the Share Option Scheme, the Company may grant to directors (the "Directors") and employees of the Group and any other persons who, in the sole discretion of the Board, have contributed or will contribute to the Group which options granted shall be immediately vested. The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

The total number of shares which may be issued upon exercise of all 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 shares in issue at the date of the passing of the relevant ordinary resolution. If any option is to be granted to connected person(s), it must be approved by independent non-executive directors or independent shareholders as the case may be.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme to eligible participants in any 12 months period up to the date of grant shall not exceed 1% of the shares in issue at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the approval of shareholders in a general meeting.

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall not be less than the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a share.

The Group has issued bonus shares to the shareholders on the basis of one bonus share for every one existing share, and the shares were issued on 30 August 2016. As a result of the bonus shares issued on 30 August 2016, the exercise price per share and number of outstanding share options granted on 9 April 2014 were adjusted from HK$0.455 to HK$0.2275 and from 50,000,000 to 100,000,000 respectively.

As at 31 March 2021, the number of shares in respect of the options granted and remained outstanding under the Share Option Scheme was 100,000,000 (adjusted for the bonus shares issued), representing 4.55% of the issued shares of the Company. The Share Option Scheme has been terminated by the Annual General Meeting and approved by the shareholders on 4 August 2020 and in such event no further options will be offered or granted and all remaining options that have yet to be granted will become void or non-exercisable, but in all other respects the provisions of the Existing Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Existing Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme.

33. SHARE OPTION SCHEMES (Continued)

The following table discloses details of the Company's options under the Share Option Scheme held by Directors and employees/consultants and the movements during the year ended 31 March 2021:

Grantees	Date of grant (dd/mm/yyyy)	Exercise price per share HK$	Exercisable period (dd/mm/yyyy)	Balance as at 1 April 2020	Changes during the period Lapsed/ Expired/ Granted	Exercised	Cancelled/ lapsed	Balance as at 31 March 2021
Kwok Kin Chung, Executive Director	09/04/2014	0.2275	09/04/2014–08/04/2023	20,000,000	–	–	–	20,000,000
Yu Linda, Executive Director	09/04/2014	0.2275	09/04/2014–08/04/2023	20,000,000	–	–	–	20,000,000
Lau Kin Hon, Executive Director	09/04/2014	0.2275	09/04/2014–08/04/2023	20,000,000	–	–	–	20,000,000
			Sub-total	60,000,000	–	–	–	60,000,000
Employees	09/04/2014	0.2275	09/04/2014–08/04/2023	40,000,000	–	–	–	40,000,000
			Total	100,000,000	–	–	–	100,000,000
Weighted average exercise price				0.2275	–	–	–	0.2275

A New Share Option Scheme (the "New Share Option Scheme") has been adopted by the Annual General Meeting and approved by the shareholders on 4 August 2020, and effective for a period for 10 years. The New Share Option Scheme is similar to the Share Option Scheme, and is largely in line with the market form. The Board currently does not have a concrete plan to grant any options to any of the participants upon the adoption of the New Share Option Scheme. The Board will from time to time consider whether to grant any options to the participants based on a number of factors, including, inter alia, the Group's overall financial performance, the participants' individual performance and their contribution to the revenue, profits or business development of the Group.

The aggregate number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes adopted by the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the date of adoption of the New Share Option Scheme, unless the Company obtains a fresh approval from Shareholders to renew the 10% limit, provided, inter alia, that the maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time.

No trustee has been appointed under the New Share Option Scheme. The New Share Option Scheme will be administered by the Board.

34. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance.

35. BANKING FACILITIES

At the end of the reporting period, the Group has the following overdraft and bank loan facilities:

	2021	2020
	HK$	*HK$*
Overdraft facilities	**15,000,000**	15,000,000
Revolving loan facilities	**34,500,000**	34,500,000
	49,500,000	49,500,000
Facilities utilised	**22,000,000**	—

Bank fixed deposits amounting to HK$10,000,000 (2020: HK$10,000,000) have been pledged and corporate guarantee from the Company has been provided to secure the banking facilities granted to the Group. As at 31 March 2021, the Group has available banking facilities of HK$27,500,000 (2020: HK$49,500,000) which were not utilised.

36. CAPITAL COMMITMENTS

As at 31 March 2021, the Group had no capital commitments contracted but not provided for in the consolidated financial statements (2020: HK$nil).

37. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Group and other related parties are disclosed below.

(a) During the year, the Group entered into the following transactions with related parties. The transactions were carried out at estimated market prices determined by the Directors.

Name of related party	**Relationship**	**2021**	2020
		HK$	*HK$*
Commission and brokerage income from securities trading:			
— Ms. Au	Substantial shareholder	**14,160**	2,023
— CAAL Capital Limited	Wholly-owned by Ms. Au	**984,819**	963,689
— Au Yik Fei	Associate of Ms. Au	**2,740**	1,099
— Au Nim Bing	Associate of Ms. Au	**2,251**	—
— Au Yuk Kit	Associate of Ms. Au	**6,405**	1,314
Interest income from:			
— Ms. Au	Substantial shareholder	**19,643**	—
— CAAL Capital Company Limited	Wholly-owned by Ms. Au	**45,162**	—
— Au Yik Fei	Associate of Ms. Au	**25,285**	—
Interest expense on shareholder loan			
— Zillion Profit Limited	Ultimate holding company	**40,411**	—

37. RELATED PARTY TRANSACTIONS (Continued)

(b) Included in trade receivables and payables arising from the business of dealing in securities and futures contracts are amounts due from (to) certain related parties, the net balance of which are as follows:

Name of related party	Relationship	2021 HK$	2020 HK$
Trade receivables (payables)			
— Ms. Au	Substantial shareholder	**330,149**	(133,199)
— CAAL Capital Company Limited	Wholly-owned by Ms. Au	**1,756,091**	(1,763,671)
— China Merit International Holdings Limited	Wholly-owned by Ms. Au	**(48,925)**	(40,436)
— Au Yik Fei	Associate of Ms. Au	**905,939**	(6,786)
— Au Yuk Kit	Associate of Ms. Au	**—**	(153,998)

The settlement terms with related parties arising from the business of dealing in securities are two days after trade date, and the settlement terms with related parties arising from the business of dealing in futures contracts are one day after trade date. The settlement terms are the same as those with third parties.

Included in trade payables is cash placed with the Group by the related parties in its trust account, which would be settled upon request or when the related party ceased to trade with the Group.

All the above related party transactions constituted connected transactions under the GEM Listing Rules but are fully exempt from shareholders' approval, annual review and all disclosure requirements.

(c) The remuneration of the Directors of the Group (representing key management personnel) during the year was as follows:

	2021 HK$	2020 HK$
Short-term benefits	**2,349,182**	2,379,637
Retirement benefits	**54,000**	54,000
	2,403,182	2,433,637

(d) Shareholder loan

During the year ended 31 March 2021, the Group entered into a loan agreement with its shareholder, Zillion Profit Limited, the movement of the shareholder loan is as follows:

	2021 HK$	2020 HK$
Balance at the beginning of the year	**—**	—
Loan raised from the shareholder	**5,000,000**	—
Loan repaid to the shareholder	**(5,000,000)**	—
Balance at the end of the year	**—**	—

38. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or
- are subject to an enforceable master netting off arrangement or similar agreements that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

The Group currently has a legally enforceable right to set off the trade receivables from clearing houses and margin clients and the trade payables to them respectively, and it intends to settle on a net basis.

For the trade receivables or payable to cash clients, they do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default. If addition, the Group does not intend to settle the balances on a net basis.

Financial assets subject to offsetting, enforceable master netting off arrangements and similar agreements

The gross amounts of the recognised financial assets and financial liabilities and their net amounts as presented in the Group's consolidated statement of financial position are as follows:

	Gross amounts of recognised financial assets/ liabilities	Gross amounts of recognised financial assets/ liabilities set off in the consolidated statement of financial position	Net amounts present in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Collateral received	
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
As at 31 March 2021						
Financial assets						
Trade receivables						
— Clearing house and brokers *(note 21)*	2,431,910	—	2,431,910	—	—	2,431,910
— Cash clients *(note 21)*	4,197,916	(251,410)	3,946,506	(3,807,158)	—	139,348
— Margin clients *(note 21)*	43,305,754	(21,894)	43,283,860	—	(43,176,927)	106,933
	49,935,580	(273,304)	49,662,276	(3,807,158)	(43,176,927)	2,678,191
Financial liabilities						
Trade payables						
— Clearing house and brokers *(note 27)*	3,310,982	—	3,310,982	—	—	3,310,982
— Cash clients *(note 27)*	14,521,703	(251,410)	14,270,293	—	—	14,270,293
— Margin clients *(note 27)*	5,983,542	(21,894)	5,961,648	—	—	5,961,648
	23,816,227	(273,304)	23,542,923	—	—	23,542,923

38. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

Financial assets subject to offsetting, enforceable master netting off arrangements and similar agreements (Continued)

	Gross amounts of recognised financial assets/ liabilities	Gross amounts of recognised financial assets/ liabilities set off in the consolidated statement of financial position	Net amounts present in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Collateral received	
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
As at 31 March 2020						
Financial assets						
Trade receivables						
— Clearing house and brokers *(note 21)*	4,274,573	—	4,274,573	—	—	4,274,573
— Cash clients *(note 21)*	132,210	(38,373)	93,837	(72,650)	—	21,187
— Margin clients *(note 21)*	36,519,678	—	36,519,678	—	(28,888,645)	7,631,033
	40,926,461	(38,373)	40,888,088	(72,650)	(28,888,645)	11,926,793
Financial liabilities						
Trade payables						
— Clearing house and brokers *(note 27)*	—	—	—	—	—	—
— Cash clients *(note 27)*	18,637,504	(38,373)	18,675,877	—	—	18,675,877
— Margin clients *(note 27)*	9,633,829	—	9,633,829	—	—	9,633,829
	28,271,333	(38,373)	28,309,706	—	—	28,309,706

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of company	Place of incorporation/ operation	Paid up capital/ Ordinary share capital	Attributable equity interest and voting power of the Group				Principal activities
			Directly		Indirectly		
			2021	2020	**2021**	2020	
CL Group (BVI) Limited	British Virgin Islands	Ordinary share US$1	**100%**	100%	**—**	—	Investment holding
Cheong Lee Securities Limited	Hong Kong	Paid up capital HK$40,000,000	**—**	—	**100%**	100%	Provision of securities and futures brokerage and trading, placing and underwriting services, loan and financing service and securities advisory services
CL Asset Management Limited	Hong Kong	Paid up capital HK$500,000	**—**	—	**100%**	100%	Investment holding
Green Wealth Group Limited	British Virgin Islands	Ordinary share US$1	**—**	—	**100%**	100%	Investment holding
Blooming Business Holdings Limited	British Virgin Islands	Ordinary share US$1	**—**	—	**100%**	100%	Investment holding
CLC Finance Limited	Hong Kong	Paid up capital HK$1	**—**	—	**100%**	100%	Provision of money lending service
CLC Immigration Consulting Limited	Hong Kong	Paid up capital HK$1	**—**	—	**100%**	100%	Inactive
Capital Global (BVI) Limited	British Virgin Islands	Ordinary share US$100	**—**	—	**100%**	100%	Investment holding
Capital Global Wealth Management Limited	Hong Kong	Paid up capital HK$100,000	**—**	—	**100%**	100%	Provision of wealth management service
Million Genius Investment Limited	Hong Kong	Paid up capital HK$1	**—**	—	**100%**	100%	Inactive

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank borrowings (Note 29) HK$	Bank loan interest payables HK$	Dividend payables (Note 15) HK$	Shareholder loan HK$	Shareholder loan interest payable HK$	Lease liability HK$	Total HK$
At 1 April 2019	2,000,000	—	—	—	—	6,351,979	8,351,979
Changes from financing cash flows:							
Proceeds from new bank loans	68,500,000	—	—	—	—	—	68,500,000
Repayment of bank loans	(70,500,000)	—	—	—	—	—	(70,500,000)
Capital element of lease rentals paid	—	—	—	—	—	(2,191,136)	(2,191,136)
Interest element of lease rentals paid	—	—	—	—	—	(213,431)	(213,431)
Other borrowing costs paid	—	(285,460)	—	—	—	—	(285,460)
Dividend paid	—	—	(22,000,000)	—	—	—	(22,000,000)
Other changes:							
Interest expense	—	285,460	—	—	—	213,431	498,891
Dividend declared	—	—	22,000,000	—	—	—	22,000,000
At 31 March 2020	—	—	—	—	—	4,160,843	4,160,843
Changes from financing cash flows:							
Proceeds from new bank loans	157,000,000	—	—	—	—	—	157,000,000
Repayment of bank loans	(135,000,000)	—	—	—	—	—	(135,000,000)
Proceeds from shareholder loan	—	—	—	5,000,000	—	—	5,000,000
Repayment of shareholder loan	—	—	—	(5,000,000)	—	—	(5,000,000)
Capital element of lease rentals paid	—	—	—	—	—	(2,340,894)	(2,340,894)
Interest element of lease rentals paid	—	—	—	—	—	(119,105)	(119,105)
Other borrowing costs paid	—	(323,980)	—	—	(40,411)	—	(364,391)
Dividend paid	—	—	(22,000,000)	—	—	—	(22,000,000)
Other changes:							
Interest expense	—	323,980	—	—	40,411	119,105	483,496
Dividend declared	—	—	22,000,000	—	—	—	22,000,000
At 31 March 2021	22,000,000	—	—	—	—	1,819,949	23,819,949

41. COMPARATIVE FIGURES

Certain comparative figures have been reclassified or restated to conform with the current year's presentation.

FINANCIAL SUMMARY

For the year ended 31 March 2021

	2021	2020	2019	2018	2017
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Results					
Revenue	**41,129,006**	44,412,532	48,141,146	50,972,653	64,420,193
Profit from operations	**20,291,184**	24,945,258	15,769,012	20,691,304	51,589,401
Finance cost	**(483,496)**	(498,891)	(147,981)	(145,003)	(463,633)
Profit before tax	**19,807,688**	24,446,367	15,621,031	20,546,301	51,125,768
Income tax expenses	**(4,619,087)**	(932,946)	(3,103,053)	(4,077,092)	(8,383,142)
Profit for the year	**15,188,601**	23,513,421	12,517,978	16,469,209	42,742,626
Profit for the year attributable to:					
Owners of the Company	**15,188,601**	23,513,421	12,517,978	16,469,209	42,738,543
Non-controlling interests	**—**	—	—	—	4,083
	15,188,601	23,513,421	12,517,978	16,469,209	42,742,626
Basic earnings per share *(HK cents)*	**0.69**	1.07	0.57	0.75	1.94
Assets and liabilities					
Total assets	**287,381,397**	273,054,244	395,235,104	338,160,540	293,027,747
Total liabilities	**54,595,618**	36,565,910	157,973,708	91,417,122	40,753,538
Shareholders' funds	**232,785,779**	236,488,334	237,261,396	246,743,418	252,274,209