太 陽 國 際 集 團 有 限 公 司

SUN INTERNATIONAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability) | Stock Code: 8029

Annual Report

2021

CHARACTERISTICS OF THE 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 of the Stock Exchange 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 collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Cheng Ting Kong *(Chairman)*
Cheng Mei Ching
Lui Man Wah
Mr. Chim Tak Lai *(appointed on 6 May 2021)*
Mr. Choi Hon Keung Simon *(appointed on 2 June 2021)*

Independent Non-Executive Directors

Chan Tin Lup, Trevor
Tou Kin Chuen
Jim Ka Shun

AUDIT COMMITTEE

Tou Kin Chuen *(Chairman)*
Chan Tin Lup, Trevor
Jim Ka Shun

REMUNERATION COMMITTEE

Chan Tin Lup, Trevor *(Chairman)*
Tou Kin Chuen
Jim Ka Shun

COMPANY SECRETARY

Yeung Man Wah

COMPLIANCE OFFICER

Cheng Mei Ching

AUTHORIZED REPRESENTATIVES

Cheng Ting Kong
Cheng Mei Ching

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 03, 26/F
One Harbour Square
No. 181 Hoi Bun Road
Kwun Tong
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
31/F., Gloucester Tower, The Landmark
11 Pedder Street, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3,
Building D, P.O. Box 1586,
Gardenia Court, Camana Bay,
Grand Cayman, KY1-1100,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Bank of Communications (Hong Kong) Limited
National Australia Bank Limited
Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

8029

WEBSITE

www.sun8029.com

Financial Highlights

– The Company and its subsidiaries (the “Group”) recorded a revenue of approximately HK$63,724,000 for the year ended 31 March 2021.

– Gross profit was approximately HK$57,332,000 for the year ended 31 March 2021.

– Loss attributable to owners of the Company was approximately HK$61,928,000, for the year ended 31 March 2021.

– No final dividend was proposed by the directors of the Company (the “Director”) for the year ended 31 March 2021.

– As at 31 March 2021, the Group had bank balances and cash amounting to approximately HK$106,926,000.

Chairman's Statement

For the year ended 31 March 2021, the Group recorded a revenue of approximately HK$63,724,000 which was decreased by 35% compared to the revenue of approximately HK$98,073,000 in the last financial year. The loss attributable to owners of the Company has been increased from approximately HK$60,485,000 recorded in the year ended 31 March 2020 to a loss of HK$61,928,000 for the year ended 31 March 2021. The loss in this year was mainly due to losses generated from impairment loss of goodwill and the change in the fair value of biological assets.

Going forward, I have confidence about the growth prospects of financial services business, including money lending business, securities and asset management businesses.

The Group is committed to bear its social responsibility and contribute to the weak and poor. The employees of the Group have actively participated in various charity activities involving cultural education, disaster relief, environmental protection, health and hygiene. The Group will continue to promote our corporate culture of dedicating sincerity and love to the community internally and bear our related social responsibility.

Finally, on behalf of the Directors of the Group, I would like to express our sincere appreciation to the management and staff of the company for their dedication and hard work throughout the year as well as to shareholders and business partners for their commitment and continuous support.

Cheng Ting Kong
Chairman

Hong Kong, 30 July 2021

Management Discussion and Analysis

FINANCIAL PERFORMANCE

The Group recorded revenue of approximately HK$63,724,000 for the year ended 31 March 2021 which was decreased 35% compared to revenue of approximately HK$98,073,000 in the last financial year. The revenue was mainly generated from the subsidiaries engaging in money lending, securities, asset management services, provision of equine related services and investment in stallions.

The direct costs were slightly decreased to approximately HK$6,392,000 from approximately HK$6,665,000 recorded during last year. Administrative expenses made an decrease of 17% to approximately HK$72,052,000 compared to HK$87,286,000 in 2020.

The net loss of the Group for the year ended 31 March 2021 was approximately HK$61,928,000 as compared with the net loss of approximately HK$60,485,000 of the last financial year. The main reason for such loss is the impairment of goodwill and the change in the fair value change of biological assets.

GEARING RATIO

The gearing ratio, is calculated as borrowings divided by total equity, was approximately 267% (2020: 194%).

CAPITAL STRUCTURE

As at 31 March 2021, the total number of issued ordinary shares of the Company was 2,171,732,000 shares (2020: 2,171,732,000 shares).

EMPLOYEE INFORMATION

The total number of employees was 41 as at 31 March 2021 (2020: 64), and the total remuneration for the year ended 31 March 2021 was approximately HK$29,549,000 (2020: HK$29,720,000). The Group's remuneration policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident fund, are also provided to employees where appropriate. Discretionary bonus is linked to performance of the individual on case by case basis. The Group may offer share options to reward employees who make significant contributions, in order to retain key and crucial staff. The remuneration policy of the Group is reviewed and approved by the Remuneration Committee as well as by the Board.

CONTINGENT LIABILITIES

On 30 October 2018, Guangdong Higher People's Court has been directed by the Supreme People's Court of the PRC to hear the claim (the "Claim") made by Mr. Chiu Ming ("Mr. Chiu") and Diamond Ocean Development Limited ("Diamond Ocean") against, amongst others, Sun Finance Company Limited ("Sun Finance"), a wholly-owned subsidiary of the Company, Mr. Cheng, a controlling shareholder of the Company and an executive Director and Mr. Chau, a controlling shareholder of the Company, in relation to, among others, the enforcement of the share charge in 2011 over certain shares (the "Charged Shares") of a listed company (the "Listed Company") in Hong Kong provided by Diamond Ocean, being the security for a loan provided by Sun Finance to Diamond Ocean, which was alleged by Mr. Chiu and Diamond Ocean to have infringed their rights. According to the Claim, Mr. Chiu and Diamond Ocean requested the court to order Sun Finance, Mr. Cheng and Mr. Chau to compensate Mr. Chiu and Diamond Ocean for direct economic loss of RMB500,000,000 and bear all the litigation costs. In addition, Mr. Chiu and Diamond Ocean will seek compensation for indirect loss after the valuation company engaged by the court has assessed the assets of a PRC subsidiary (the "PRC Subsidiary") of the Listed Company.

On 3 July 2020, the PRC legal advisor of the Group received the amended form of claim (the "Amended Form of Claim") from the Guangdong Higher Court. For more information please refer to note 50 to the consolidated financial statements.

Details of the Original Claims were set out in the announcements of the Company dated 4 April 2019 and 8 April 2019.

FOREIGN EXCHANGE EXPOSURE

The income and expenditure of the Group are denominated in Hong Kong Dollars and Australian Dollars. The Company has not entered into any foreign exchange hedging arrangement. The management is required to monitor the Group's foreign exchange exposure by closely monitoring the movement of foreign currency rates. The Group may use financial tools such as foreign exchange forward contracts, dual currency options etc. to manage the foreign exchange risks.

REVENUE

Revenue represents the net amounts in respect of services provided, equine services income, securities and future brokerage commission, asset management fee income and loan interest income recognised by the Group during the year.

DIVIDEND

No final dividend was proposed by the Directors for the year ended 31 March 2021 (2020: Nil).

BUSINESS REVIEW

The Group has been operating in the equine business for years and the result is disappointing. As a result, one of subsidiaries in the equine segment was disposed in July 2019. In addition, the group has restructured its equine operation in Australia, by out sourcing the stallion service business and leasing out the group-owned stud farm to an independent stud farm in Australia. The Board believes after such action, the equine segment can provide stable income to the Group.

Following the acquisition of two money lending business in November 2015 and February 2018, and Sun International Securities Limited ("SISL") and Sun International Asset Management Limited ("SIAML") in February 2016, the Group can provide wide range of financial services. SISL is principally engaged in the provision of type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") in Hong Kong, while SIAML is principally engaged in the provision of type 4 (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities under the SFO in Hong Kong. While the Group continued to implement cost controls and to improve operating results, the Board also identified new and extra opportunities in the financial services segment.

Management Discussion and Analysis

Equine services

The revenue from horse breeding services remained stable as the number of stallions held by the Group was at similar level as last year. For the twelve months ended 31 March 2021, the revenue of the equine service segment was approximately HK$21,999,000 (2020: HK$26,443,000).

Financial services

For the previous year, the global economic growth was originally strong. However, as the escalation of the US-China trade dispute and the rise of protectionism, the International Monetary Fund (IMF) stated that great uncertainties will occur in the global stock and capital markets. The U.S. trade and fiscal policy may even hinder global economic growth. Hong Kong, being an open and outward-looking economy, is hard to be an exception for the situations. Nevertheless, we are all optimistic about a more clear picture and recovery of the economy will come eventually. It is generally agreed that further deepening of banks and capital markets as well as broader access to households and firms are important to sustain growth and enhance equity.

The Board considered this a growth area to further broaden its revenue base and on 19 August 2015, Infinite Success Investments Limited, a wholly-owned subsidiary of the Company (the “Purchaser”), entered into a sales and purchase agreement (the “Sale and Purchase Agreement”) with Sun International Financial Group Limited (the “Vendor”) to acquire the entire issued capital of SISL and SIAML (the “Target Companies”) at the consideration of HK$147,300,000 (subject to adjustment) (the “Acquisition”). The transaction was subsequently completed on 29 February 2016 signaling the Group’s expansion into the financial services segment.

To supplement the product offerings of SISL and SIAML, the Group acquired a money lending business in November 2015 and January 2018 with primary focus on equity financing, equity mortgage and corporate finance. As at 31 March 2021, loan portfolio of the money lending business amounted to approximately HK$28,784,000, representing approximately 7% of the total assets of the Group. The maturity of the loans is typically within one to two years and the average interest rate is in the range of 12% to 30% per annum.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 March 2021, the Group had current assets of approximately HK$325,358,000 (2020: HK$465,135,000). During the year the Group had redeemed HK$50,000,000 Promissory notes and HK$26,569,000 coupon unlisted straight bonds in order to decrease the total borrowing and gearing ratio. The Group’s current ratio, calculated on the basis of current assets of approximately HK$325,358,000 (2020: HK$465,135,000) over current liabilities of approximately HK$159,771,000 (2020: HK$261,890,000) was at level of approximately 2.04:1 (2020: 1.78:1). The bank balances as at 31 March 2021 was approximately HK$106,926,000 as compared to the balance of approximately HK$110,506,000 as at 31 March 2020. At the end of the financial year, there was no remaining coupon unlisted straight bonds (2020: HK$26,569,000).

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Management Discussion and Analysis

Results Analysis

During the financial year ended 31 March 2021 (the "Financial Year"), we continued our business on different categories such as development of financial services businesses including securities, assets management and money lending services and equine services including breeding service.

Operation

Stable revenue will be expected from equine services and financial services businesses for the coming year as the Group will continue to take every effort on expanding potential market shares for the existing businesses.

The finance costs

The Group recorded finance costs of approximately HK$20,527,000 (2020: HK$26,729,000) for the year ended 31 March 2021, representing a decrease of 23% compared to that in the last financial year. The finance costs was mainly for effective interest expense on promissory notes.

Medium-term Bonds

During the financial year, the Group had fully redeemed a five-year 7% coupon unlisted straight bonds (2020: HK$26,569,000).

Loss attributable to owners of the Company

For the current financial year, the Group recorded a loss attributable to owners of the Company of approximately HK$61,928,000 (2020: HK$60,485,000).

Prospects

Following the US-China trade dispute and the outbreak of COVID-19, the global economy and consumer confidence have been adversely affected. These two incidents have occurred more than a year and have a impact on our 2021 financial results and our development plan. The management foresees that there is full of challenging in 2021. On the other hand, this presents both opportunities and challenges for the financial services segment. The continuous liberalization of the PRC financial market and its integration with the Hong Kong financial market would provide opportunities for the Group to offer more professional services to investors and small and medium sized enterprises in China. However, the results of the Group's financial services segment would be heavily influenced by the performance of the stock markets in China and Hong Kong.

The Group would continue to use its best endeavor to improve the efficiency and effectiveness of the operation. Moreover, the Board would seek opportunities to establish strategic alliance to accelerate the growth of its businesses, to rebalance its business portfolio and to strengthen its financial position so as to create value for shareholders.

RISK FACTORS

Uncertainty on Market Trend of Sales

The market for sales of thoroughbred horses in Australia is mainly through regular seasonal auctions. Its selling price is uncertain and is highly affected by both the trend of global market as well as the reputation of the horses with different sire/dam and/or champion records.

Continuous expansion requires long term capital financing

The development of equine related services requires additional capital to finance these activities. These projects are often mid to long term nature, probably over 1 year. Therefore, stable source of long term financing with low cost of borrowing is critical to our future capital investment in the equine services business.

There is no assurance that we can obtain the stable source of long term capital with low cost.

Country Risk

The equine services business is mainly operated in Australia. Being one of the emerging markets, Australia's equine services definitely provide many potential opportunities to investors dedicating to equine industry. In the meantime, the uncertainties of their political, social and economic policies are considered to be relatively small.

There is no assurance that the current favorable policies remain unchanged in the near future. The future changes at the country level probably may have adverse effect to our business.

Uncertainty on Volatility of Stock Market

Global stock market is still faced with various uncertainties of different political and economic circumstances. The expected return on the services of the securities trading and assets management will be greatly influenced by the volatility of the stock market which tends to be highly unpredictable.

Outlook and Development

The Board has always tried its best to improve the efficiency and effectiveness of the operation so as to enhance the Group's value.

BUSINESS DEVELOPMENT

Following the acquisition of SISL and SIAML in February 2016, the Group had successfully diversify the business segments into the financial services including provision of type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), type 5 (advising on future contracts) and type 9 (asset management) regulated activities under the SFO in Hong Kong. The Group has successfully secured several mandates for placement, services of several seasoned investment manager and other corporate finance activities. Furthermore, in November 2015, the Group had acquired a money lending business with principal activities in equity financing, equity mortgage and corporate finance.

In light of the above acquisitions, the Group is able to diversify its business segments by entering into the financial services segment so as to further enhance its revenue sources as well as to bring positive return to the Group.

On 31 January 2018, the Company had completed the acquisition of Sun Finance Company Limited which was a licensed money lender. The Board considered the proposed acquisition represents a good opportunity for the Group to strengthen the development of money lending business.

On 18 February 2021, the Group has published a memorandum of understanding announcement regarding the purchase of cryptocurrency miners (which was revised later, together with another purchase of cryptocurrency miners transaction completed on 30 April 2021). The Board believes that the entering into the crypto mining business can diversify the development of the group by investing in a new business.

Directors and Staff

EXECUTIVE DIRECTORS

Mr. Cheng Ting Kong, aged 46, was appointed as the Chairman and Executive Director on 5 July 2013. Mr. Cheng is also the chairman and Executive Director of Imperium Group Global Holdings Limited (Stock code: 776), a company listed on the main board of the Stock Exchange. Mr. Cheng has extensive experience in corporate management and investment. Prior to his appointment as the Chairman and the Executive Director, Mr. Cheng was the senior manager of the Company.

Ms. Cheng Mei Ching, aged 39, holds a bachelors degree in commerce (marketing and advertising) from Curtin University of Technology in Perth, Western Australia. Ms. Cheng has over the past adopted a pragmatic and proactive management approach; and delivered solid performance in various areas, in particular corporate management and internal control.

Mr. Lui Man Wah, aged 38, is the Executive Director of the Company and the Non-executive Director of Winto Group (Holdings) Limited (Stock code: 8238). Mr. Lui has over 10 years of experience in financial institutions. He obtained a Bachelor of Arts degree in business studies from the Hong Kong Polytechnic University in 2004 and obtained a Master of Commerce degree from Macquarie University in 2005.

Mr. Chim Tak Lai, aged 38, obtained a Bachelor of Art degree of in Business Economics from the University of Hertfordshire in 2006. Mr. Chim joined the Group as senior accountant in March 2016. Since September 2020, Mr. Chim is the financial controller of the Group and his primary responsibilities is to oversee all financial accounting operations, including group reporting, budgeting, audit, treasury function, consolidation and financial reporting.

Mr. Choi Hon Keung Simon, aged 60, obtained a Bachelor degree in Laws from Peking University in July 1991, and a Master degree in Laws from The University of London in November 1992. Mr. Choi received his Common Professional Examination Certificate in Laws and Postgraduate Certificate in Laws from the University of Hong Kong in June 1994 and September 1995 respectively. Mr. Choi was admitted as a solicitor in Hong Kong and England and Wales in November 1997 and June 1998, respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tou Kin Chuen, aged 44, is the Independent Non-executive Director of the Company and Suncity Group Holdings Limited (Stock code: 1383), is the principal of Roger K.C. Tou & Co., Mr. Tou graduated from the Hong Kong Shue Yan University with a Honours Diploma in Accounting in 2001. He is experienced in audit, taxation, company secretarial, insolvency and finance for over 20 years. Mr. Tou is a member of the Hong Kong Institute of Certified Public Accountants and an associate of the Taxation Institute of Hong Kong.

Mr. Chan Tin Lup, Trevor, aged 61, has been in the legal field for over 26 years. He received his law degree from the University of London and his Postgraduate Diploma in Legal Practice from the University of Wolverhampton with commendation. Mr. Chan has been an Independent Non-executive Director of National Arts Entertainment and Culture Group Limited (Stock Code: 8228), a company registered in Bermuda and the shares of which are listed on the GEM of The Stock Exchange of Hong Kong Limited, from 13 May 2009 to 1 July 2018.

Mr. Jim Ka Shun, aged 39, is a holder of Bachelor of Engineering in Computer Engineering from The Hong Kong University of Science and Technology in 2004. Mr. Jim is a Financial Risk Manager (FRM) of the Global Association of Risk Professionals. Mr. Jim has over 10 years of relevant experience in financial industry, with extensive experiences and knowledge in mergers and acquisitions, corporate finance, investment in various asset classes. During his appointment as an Independent Non-executive Director, Mr. Jim was appointed as the Executive Director and type 9 responsible officer of Great Wall Securities Limited. And later Mr. Jim joined in Golden Great China Fund Management Limited and was also previously appointed as the Executive Director and type 4 and 9 responsible officer. And he has been as an Executive Director of China Financial Leasing Group Limited (stock code: 2312), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from 1 January 2016 to 3 August 2018. Currently, Mr. Jim is appointed as the Executive Director and type 4 and 9 responsible officer of Seeds International Asset Management Limited.

Directors' Report

The Directors would like to present the annual report and the audited financial statements of the Company and its subsidiaries for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities and other details of its subsidiaries are set out in note 47 to the consolidated financial statements.

Detail of the analysis of the Group's performance for the year by operating segments are set out in note 8 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The financial performance of the Group for the year ended 31 March 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 52.

The financial position of the Group and the Company as at 31 March 2021 is set out in the consolidated statement of financial position on pages 53 to 54 of this annual report and the Company statement of financial position in note 46 to the consolidated financial statement respectively.

No final dividends was proposed by the Directors for the reporting year (2020: Nil).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 168.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2021 are provided in the Chairman's Statements, Management discussion and analysis of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group are set out in note 20 to the consolidated financial statements.

DONATIONS

No charitable and other donations were made by the Group during the year (2020: Nil).

SHARE CAPITAL AND SHARE OPTIONS

Details of the authorised and issued share capital and share options of the Company are set out in notes 38 and 39 respectively to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 55 and in note 46 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution comprise share premium, capital reserves and accumulated losses. No reserve of the Company is available for distribution to shareholders as at 31 March 2021 (2020: HK$Nil).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Cheng Ting Kong *(Chairman)*
Ms. Cheng Mei Ching
Mr. Lui Man Wah
Mr. Chim Tak Lai *(appointed on 6 May 2021)*
Mr. Choi Hon Keung Simon *(appointed on 2 June 2021)*

Independent non-executive directors:

Mr. Chan Tin Lup, Trevor
Mr. Tou Kin Chuen
Mr. Jim Ka Shun

The biographical details of current Directors are set out on page 12 to page 13 of this annual report.

In accordance with Article 108 of the Company's Article of Association, Cheng Ting Kong and Cheng Mei Ching will retire by rotation. All of these retiring directors, being eligible, offer themselves for reelection.

Each executive director has entered into a service contract with the Company with effect from the date of appointment and will continue thereafter unless and until terminated by either party by giving not less than one-month prior written notice to the other.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2021, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as required, pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(1) Long positions in the shares of the Company

Ordinary share of HK$0.04 each of the Company

Name of Director	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Mr. Cheng Ting Kong	Corporate (Note)	1,436,260,290	Interest of a controlled corporation	66.08%

Note: These ordinary shares are held by First Cheer Holdings Limited. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Chau Cheok Wa, as to 50% by Mr. Cheng Ting Kong.

(2) Long positions in the underlying shares of the Company

Pursuant to the new share option scheme adopted by the Company on 5 December 2006 (the "New Scheme"), several Directors in the capacity as beneficial owner were granted share options to subscribe for shares of the Company, details of which as at 31 March 2021 were as follows:

Name of Director	Date of grant	Number of share options as at 31 March 2020	Exercised during the year	Share option lapsed	Exercise price of share options HK$	Exercise period from	Exercise period until	Number of options outstanding as at 31 March 2021
Mr. Cheng Ting Kong	25/11/2010	1,251,250	–	1,251,250	1.120	25/11/2010	24/11/2020	–
Ms. Cheng Mei Ching	25/11/2010	12,581,250	–	12,581,250	1.120	25/11/2010	24/11/2020	–
	10/09/2014	1,391,400	–	–	0.315	10/09/2014	09/09/2024	1,391,400
Mr. Lui Man Wah	10/09/2014	13,914,000	–	–	0.315	10/09/2014	09/09/2024	13,914,000

Save as disclosed above, during the year ended 31 March 2021, the Company grant no new share option for the Directors or their respective associates to subscribe for shares of the Company and had not been exercised such rights.

Save as disclosed above, during the year ended 31 March 2021, none of the Directors or Chief Executive of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the section headed "Material Related Party Transactions and Continuing Connected Transactions" in this report and in note 42 to the consolidated financial statements, no other contracts of significance to which the Company, its holding companies or any of its subsidiaries was a party and in which a director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

RELATED PARTY TRANSACTIONS, CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in Note 42 to the consolidated financial statements. Those related party transactions which constitute connected transactions/continuing connected transactions under the GEM Listing Rules are set out in the paragraph headed "CONNECTED TRANSACTIONS/ CONTINUING CONNECTED TRANSACTIONS" below. These continuing connected transactions have complied with the requirements under Chapter 20 of the GEM Listing Rules.

CONNECTED TRANSACTIONS/CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group conducted the following continuing connected transactions which are subject to the reporting, announcement, annual review and/or independent shareholders' approval requirements under the GEM listing Rules:

2019 Master Service Agreement

Transaction Date:	31 July 2019
Term:	31 July 2019 to 31 March 2022
Parties:	Sun Stud Pty Limited("SS"), an indirect wholly-owned subsidiary of the Company, and Sun Kingdom Pty Limited ("SK"), a company indirect wholly-owned by Mr. Cheng Ting Kong, the chairman, an executive Director and a controlling shareholder of the Group, and/or its Affiliates.
Description:	SS as service provider and SK as customer entered into the Master Service Agreement in relation to the provision of horse racing related services, including but not limited to breeding, rearing, sales, agistment, spelling, education, administration, advice and training of horses.

Annual Caps:

	For the financial year ended 31 March		
	2020	2021	2022
	AUD$'000	*AUD$'000*	*AUD$'000*
Service fees *(Note 1)*	3,000	3,100	3,200

Notes:

1. Service fees Annual Cap is the total income to be received from the provision of horse racing related services, including but not limited to breeding, rearing, sales, agistment, spelling, education, administration, advice and training of horses to the connected party for each financial year.

GEM Listing Rule implications

As one or more of the applicable percentage ratios in respect of the Master Service Agreement was more than 5% and the annual consideration is expected to be more than HK$10,000,000, the entering into of the Master Service Agreement and the transactions contemplated thereunder was subject to the reporting, announcement, annual review, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

2020 Mr. Cheng Master Service Agreement (Note 1)

Transaction Date:	15 December 2020
Term:	15 December 2020 to 31 March 2023
Parties:	Sun International Securities Limited ("SISL"), an indirect wholly-owned subsidiary of the Company and Mr. Cheng Ting Kong ("Mr. Cheng"), the chairman, an executive Director and a controlling shareholder of the Group, and his associates.
Description:	SISL as service provider and Mr. Cheng as customer entered into the Master Service Agreement in relation to the provision of the Brokerage Service and the Margin Financing Service.

Annual Caps:

	For the financial year ended 31 March		
	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*
Margin loan maximum amount *(Note 2)*	8,000	8,000	8,000
Margin finance interest *(Note 3)*	500	500	500
Brokerage commission *(Note 4)*	9,000	9,000	9,000

Notes:

1. The 2020 Mr. Cheng Master Service Agreement superseded the Existing Mr. Cheng Master Service Agreement dated 1 January 2020. As all of the applicable percentage ratio(s) for the Existing Mr. Cheng Master Service Agreement was less than 5% and all the annual caps under the Existing Mr. Cheng Master Service Agreement was less than HK$3,000,000, the Existing Mr. Cheng Master Service Agreement and the transactions contemplated thereunder was fully exempt from reporting, annual review, announcement, circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules.

2. Margin loan maximum amount Annual Cap is the annual cap of the daily maximum amounts of margin financing to be advanced to the connected party.

3. Margin finance interest Annual Cap is the annual cap of the interest to be received from the provision of margin financing service to the connected party for each financial year.

4. Brokerage commission Annual Cap is the Brokerage commission to be received from the provision of Brokerage Service to the connected party for each financial year.

2020 Mr. Lui Master Service Agreement (Note 1,2)

Transaction Date:	15 December 2020
Term:	15 December 2020 to 31 March 2023
Parties:	Sun International Securities Limited ("SISL"), an indirect wholly-owned subsidiary of the Company and Mr. Lui Man Wah ("Mr. Lui"), an executive Director of the Group.
Description:	SISL as service provider and Mr. Lui as customer entered into the Mr. Lui Master Service Agreement in relation to the provision of the Brokerage Service and the Margin Financing Service.

Mr. Lui Annual Caps:

	For the financial year ended 31 March		
	2021	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*
Margin loan maximum amount *(Note 3)*	9,800	9,800	9,800
Margin finance interest *(Note 4)*	1,500	1,500	1,500
Brokerage commission *(Note 5)*	1,000	1,000	1,000

Notes:

1. The 2020 Mr. Lui Master Service Agreement superseded the Existing Mr. Lui Master Service Agreement dated 1 January 2020. As all of the applicable percentage ratio(s) for the Existing Mr. Lui Master Service Agreement was less than 5% and all the annual caps under the Existing Mr. Lui Master Service Agreement was less than HK$3,000,000, the Existing Mr. Lui Master Service Agreement and the transactions contemplated thereunder was fully exempt from reporting, annual review, announcement, circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules.

2. The 2020 Mr. Lui Master Services Agreement was superseded by the 2021 Mr. Lui Master Service Agreement.

3. Margin loan maximum amount Annual Cap is the annual cap of the daily maximum amounts of margin financing to be advanced to the connected party.

4. Margin finance interest Annual Cap is the annual cap of the interest to be received from the provision of margin financing service to the connected party for each financial year.

5. Brokerage commission Annual Cap is the Brokerage commission to be received from the provision of Brokerage Service to the connected party for each financial year.

2021 Mr. Lui Master Service Agreement (Note 1)

Transaction Date:	10 March 2021
Term:	10 March 2021 to 31 March 2023
Parties:	Sun International Securities Limited ("SISL"), an indirect wholly-owned subsidiary of the Company and Mr. Lui Man Wah ("Mr. Lui"), an executive Director of the Group.
Description:	SISL as service provider and Mr. Lui as customer entered into the Mr. Lui Master Service Agreement in relation to the provision of the Brokerage Service and the Margin Financing Service.

Mr. Lui Annual Caps:

	For the financial year ended 31 March		
	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*
Margin loan maximum amount *(Note 2)*	9,800	9,800	9,800
Margin finance interest *(Note 3)*	1,500	1,500	1,500
Brokerage commission *(Note 4)*	7,500	7,500	7,500

Notes:

1. The 2021 Mr. Lui Master Service Agreement superseded the 2020 Mr. Lui Master Service Agreement.

2. Margin loan maximum amount Annual Cap is the annual cap of the daily maximum amounts of margin financing to be advanced to the connected party.

3. Margin finance interest Annual Cap is the annual cap of the interest to be received from the provision of margin financing service to the connected party for each financial year.

4. Brokerage commission Annual Cap is the Brokerage commission to be received from the provision of Brokerage Service to the connected party for each financial year.

GEM Listing Rule implications

As all of the applicable percentage ratio(s) for (i) 2020 Mr. Cheng Master Service Agreement (ii) 2020 Mr. Lui Master Service Agreement, and (iii) 2021 Mr. Lui Master Service Agreement is less than 25% and Annual Caps is less than HK$10,000,000, the 3 Master service agreements and the transactions contemplated thereunder is subject to reporting, annual review and announcement requirements, but is exempt from circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules.

Auditors' letter on continuing connected transactions

The Company's auditors were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740"Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditors have issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 17 to 21 of this report in accordance with Rule 20.54 of 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or Chief Executives of the Company, as at 31 March 2021, the following person or corporations had equity interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO 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 the Company:

Long positions in the shares of the Company

Ordinary share of HK$0.04 each of the Company

Name of Shareholders	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
First Cheer Holdings Limited (Note 1)	Corporate	1,435,009,040	Beneficial owner	66.08%
Cheng Ting Kong (Note 1)	Corporate	1,435,009,040	Interest of a controlled corporation	66.08%
Chau Cheok Wa (Note 1)	Corporate	1,435,009,040	Interest of a controlled corporation	66.08%
Raywell Holdings Limited (Note 2)	Corporate	135,430,000	Beneficial owner	6.24%
Yeung Hak Kan (Note 2)	Corporate	135,430,000	Interest of a controlled corporation	6.24%

Notes:

1. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Cheng Ting Kong and as to 50% by Mr. Chau Cheok Wa. Accordingly, both Mr. Cheng Ting Kong and Mr. Chau Cheok Wa are deemed under the SFO to be interested in the 1,435,009,040 shares beneficial owned by First Cheer Holdings Limited.

2. Raywell Holdings Limited is wholly and beneficially owned by Mr. Yeung Hak Kan. Accordingly, Mr. Yeung Hak Kan is deemed under the SFO to be interested in the 135,430,000 shares beneficially owned by Raywell Holdings Limited.

Save as disclosed above, as at 31 March 2021, the Company was not notified of any other relevant interests or short positions in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

MANAGEMENT SHAREHOLDERS

Save for the directors, management shareholders and substantial shareholders as herein disclosed, the directors are not aware of any persons who as at 31 March 2021 were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and who were able, as a practical matter, to direct or influence the management of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Mr. Cheng Tin Kong is the executive director of the Group and also is the director of Imperium Credit Limited ("ICC"), a private company incorporate in Hong Kong and is a licensed money lender engaged in money lending business. ICC competes or may compete, either directly or indirectly, with the business of the Group.

The Board considers that, having considered the facts that:

(i) the Group is capable of, and does carry on its business independently of, and on an arm's length basis with the competing business of the ICC;

(ii) the Company has established corporate governance procedures to ensure business opportunities and performance are independently assessed and reviewed from time to time;

(iii) Mr. Cheng Tin Kong is fully aware of their fiduciary duty to the Group, and will abstain from voting on any matter where there is or may be a conflict of interest; and

(iv) The group have the first right of refusal in accepting or rejecting to provide services to the client, and Mr. Cheng Tin Kong only refer new clients to ICC after the group decide not to proceed with such client.

Since (i) all the major and important corporate actions of the Company are and will be fully deliberated and determined by the Board; and (ii) any director(s) who is/are or deemed to be interested in any proposed transaction(s) will have his/their interest fully disclosed and will abstain from voting at the relevant resolution(s) in accordance with the applicable requirements of the New Bye-laws of the Company, the Board is of the view that each of the Relevant Directors does not, by himself/herself or in an individual capacity, competes with the Company and/or the business of the Group. The Group's interest is adequately safeguarded.

COMPETITION AND CONFLICT OF INTERESTS

Except of the above, as at 31 March 2021, none of the directors, the management shareholders (as defined in the GEM Listing Rules) or the substantial shareholders of the Company, or any of their respective associates, has engaged in any business that competes or may compete with the businesses of the Group or has any other conflict of interests with the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor the Chief Executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEME

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, any person or entity providing research, development or other technological support to the Group, and any other person or entity determined by the directors as having contributed or may contribute to the development and growth of the Group. The Company has two share option schemes, one was adopted on 29 November 2000 and expired in 2010 and another one was adopted on 5 December 2006 (the "New Scheme") and expired in 2016. Following the expiry of the 2006 Share Option Scheme on 4 December 2016, no further share option can be granted, but the provisions of the 2006 Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise as may be required in accordance with the provisions of the 2006 Share Option Scheme.

New Scheme

On 5 December 2006, the Company adopted a new share option scheme. The New Scheme became valid and effective for a period of ten years commencing from the adoption of the New Scheme, after which period no further options will be granted but the provisions of the New Scheme shall remain in full force and effect in all other respects.

The participants of the New Scheme to whom options may be granted by the Board shall include any director, employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group whom the Board in its sole discretion considers eligible for the New Scheme on the basis of his/her contribution to the development and growth of the Group.

No participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12 month period up to and including the date of grant to such participant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting. The number and terms of options to be granted to each grantee must be fixed before the shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and all other share option schemes of the Company (the "Scheme Mandate Limit") shall not exceed 10% of the total number of Shares in issue unless the Company obtains a fresh approval from its shareholders pursuant to the approval of the shareholders in general meetings. At 31 March 2021, the number of shares issuable under share options granted under the Share Option Plan was 107,263,864, which represented approximately 5% of the Company's shares in issue as at that date. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes shall not exceed 30% of the shares of the Company from time to time.

The offer of a grant of share options may be accepted within 14 days after the date on which the offer becomes or is declared unconditional. The exercise period of the share options granted is determinable by the board of directors, and commences on any date after the date of grant and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the New Scheme, if earlier.

The exercise price of share options is determined by the board of directors, but may not be less than the higher of (i) the closing price of the Company's shares on the GEM of the Stock Exchange on the date of grant of the option; (ii) the average of the closing prices of the Company's shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company.

The Company will comply with the disclosure requirements under Chapter 23 of the GEM Listing Rules, including without limitation disclosures in the annual and interim reports of the Company including details of the options granted to the following persons: (i) each of the connected person; (ii) each participant with options granted in excess of the limit; (iii) aggregate figures for the employees; (iv) aggregate figures for supplier of goods or services; and (v) all other participants as an aggregate whole.

Category participants	Date of grant	Exercise price	Exercise period	Number of share options: Outstanding at 31 March 2019	Grant during the year	Exercise during the year	Lapsed during the year	Outstanding at 31 March 2020	Grant during the year	Exercise during the year	Lapsed during the year	Outstanding at 31 March 2021
	(note 1)	HK$										
Mr. Cheng Ting Kong	25.11.2010	1.120	25.11.2010-24.11.2020	1,251,250	–	–	–	1,251,250	–	–	1,251,250	–
				1,251,250	–	–	–	1,251,250	–	–	1,251,250	–
Ms. Cheng Mei Ching	09.02.2010	0.650	09.02.2010-08.02.2020	11,492,308	–	–	11,492,308	–	–	–	–	–
	25.11.2010	1.120	25.11.2010-24.11.2020	12,581,250	–	–	–	12,581,250	–	–	12,581,250	–
	10.09.2014	0.315	10.09.2014-09.09.2024	1,391,400	–	–	–	1,391,400	–	–	–	1,391,400
				25,464,958	–	–	11,492,308	13,972,650	–	–	12,581,250	1,391,400
Mr. Lui Man Wah	10.09.2014	0.315	10.09.2014-09.09.2024	13,914,000	–	–	–	13,914,000	–	–	–	13,914,000
				13,914,000	–	–	–	13,914,000	–	–	–	13,914,000
Consultants in aggregate	16.12.2009	0.540	16.12.2009-15.12.2019	28,640,740	–	–	28,640,740	–	–	–	–	–
	25.11.2010	1.120	25.11.2010-06.11.2020	26,413,750	–	–	–	26,413,750	–	–	26,413,750	–
	07.12.2010	1.260	07.12.2010-06.12.2020	12,635,714	–	–	–	12,635,714	–	–	12,635,714	–
				67,690,204	–	–	28,640,740	39,049,464	–	–	39,049,464	–
Other employees in aggregate	16.12.2009	0.540	16.12.2009-15.12.2019	39,603,704	–	–	39,603,704	–	–	–	–	–
	09.02.2010	0.650	09.02.2010-08.02.2020	11,492,308	–	–	11,492,308	–	–	–	–	–
	25.11.2010	1.120	25.11.2010-24.11.2020	25,162,500	–	–	–	25,162,500	–	–	25,162,500	–
	10.09.2014	0.315	10.09.2014-09.09.2024	13,914,000	–	–	–	13,914,000	–	–	–	13,914,000
				90,172,512	–	–	51,096,012	39,076,500	–	–	25,162,500	13,914,000
				198,492,924	–	–	91,229,060	107,263,864	–	–	78,044,464	29,219,400
Weighted average exercise price				0.757				0.917				0.315

Notes:

(1) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

(2) The exercise price of the share option is subject to adjustment in the case of a capitalization issue, rights issue, sub-division or consolidation of the Company's shares or reduction of the Company's share capital.

(3) These fair values of the share options granted were calculated using the Black-Scholes pricing model. The inputs into the model were at the date of grant of options as follows:

	The Group									
Date of grant	13 August 2007	17 August 2007	21 August 2007	19 August 2008	27 August 2008	16 December 2009	9 February 2010	25 November 2010	7 December 2010	10 September 2014
Number of share option	19,200,000	14,400,000	14,500,000	74,200,000	9,600,000	58,100,000	24,900,000	56,720,000	9,150,000	14,609,700
Share price at grant date (HK$)	0.38	0.28	0.34	1.11	1.16	0.74	0.89	1.54	1.74	0.63
Weighted average exercise price (HK$)	0.38	0.36	0.35	1.14	1.16	0.74	0.90	1.54	1.74	0.63
Expected volatility (expressed as weighted average volatility)	61.97%	62.15%	62.15%	99.81%	96.08%	76.61%	75.08%	60.28%	59.75%	101.47%
No. of years for option life (expressed as weighted average life)	10	10	10	10	10	10	10	10	10	10
Expected dividends	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	3.96%	3.97%	3.88%	1.00%	1.15%	0.08%	0.18%	0.27%	0.35%	1.979%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 1 year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

No share options were granted for the year ended 31 March 2021 (2020: Nil). At 31 March 2021, the Company had 29,219,400 share options (2020: 107,263,864) outstanding under the Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 29,219,400 (2020: 107,263,864) additional ordinary shares of HK$0.04 each (2020: HK$0.04 each) of the Company and additional share capital of HK$1,168,776 (2020: HK$4,290,555) and cash proceeds to the Company of HK$9,204,111 (2020: HK$98,382,911) (before share issue expenses).

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company as disclosed in this section headed "Share Option Scheme", no equity-linked agreements were entered into by the Group, or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the services provided to the Group's largest client and five largest clients accounted for 7% and 20%, respectively of the total turnover for the year. The Group's largest supplier and five largest suppliers accounted for 34% and 92% purchases of the Group for the year ended 31 March 2021.

None of the Directors, their close associates or any shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued share capital, had a beneficial interest in any of the Group's five largest supplier and customers.

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

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

BOARD PRACTICES AND PROCEDURES

The Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures throughout the year ended 31 March 2021.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2021.

EMOLUMENT POLICY

The Group's emolument policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident funds are also provided to employees where appropriate.

MANAGEMENT CONTRACTS

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

PERMITTED INDEMNITY PROVISION

The Articles provides that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Group has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for legal actions brought against the Directors and directors of the subsidiaries of the Group. The level of the coverage is reviewed annually.

EVENTS AFTER REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 50 to the consolidated financial statements.

AUDITORS

HLB Hodgson Impey Cheng Limited was appointed as auditor of the Company on 27 August 2018 following the resignation of Andes Glacier CPA Limited on 27 August 2018. Apart from this, there was no change in auditors of the Company in any of the preceding three years.

HLB Hodgson Impey Cheng Limited will retire as the Company's auditors at the end of the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-appointment.

A resolution will be submitted to the annual general meeting of the Company to re-appoint HLB Hodgson Impey Cheng Limited, as auditor of the Company.

On behalf of the Board

Cheng Ting Kong
Chairman

Hong Kong, 30 July 2021

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Group is committed to promoting high standards of corporate governance. The Directors 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.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code and Report") in Appendix 15 of the GEM Listing Rules. Throughout the year ended 31 March 2021 and up to the date of this report to the best knowledge of the Board, the Company has complied with the code provisions set out in Appendix 15 of the GEM Listing Rules.

CODE OF BEST PRACTICE

The Company is committed to high standards of corporate governance for the enhancement of shareholder value. The Company believes that good corporate governance is not only in the interest of investors but also in the interest of the Company. It is also of the view that good corporate governance is a reflection of the standard and quality of the management and operations of the Company and it also helps sustain the long term support of shareholders upon which the Company's success depends.

The Company closely monitors corporate governance development in Hong Kong and it regularly reviews its corporate governance practices in light of experience and evolving regulatory requirements to ensure that the Company keeps abreast of shareholders' expectations. The principles of corporate governance adopted by the Company emphasize a quality board, sound internal control, and transparency and accountability to shareholders.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") in Appendix 15 of the GEM Listing Rules, save for the deviations discussed below:

Pursuant to E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company. Mr. Cheng Ting Kong (the chairman of the Board) was unable to attend the 2020 AGM due to unexpected engagement. Mr. Lui Man Wah (an executive Director and the chief executive officer of the Company) was appointed as the chairman of the 2020 AGM in replying to questions raised by shareholders at the 2020 AGM.

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavours to take all necessary actions to ensure the compliance with the Code Provisions set out in the CG Code.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings ("Code of Conduct") set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.

BOARD OF DIRECTORS

Composition of the Board

As at 31 March 2021, the Board comprised 6 Directors, including the Chairman, 3 Executive Directors and 3 Independent Non-executive Directors. One of the Independent Non-executive Directors has appropriate professional qualifications in accounting. Biographical details of the Directors are set out on pages 12 and 13.

The updated list of Directors and their role and function are published at the Stock Exchange website and the Company's website (www.sun8029.com).

Independent non-executive Directors

In compliance with Rules 5.05(1) and (2), and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board, and with at least one of them possessing the appropriate professional qualifications or accounting or related financial management expertise. The independent non-executive Directors, together with the executive Directors, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards. The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence and considers that their independence is in compliance the Rule 5.09 of the GEM Listing Rules.

The Board

The Board has the responsibility for leadership and control of the Group. 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 maximizing long term shareholder value, while balancing broader stakeholder interests. The Board has delegated the day-to day responsibility to the Executive Directors and senior management of the Company who meet on a regular basis to review the financial results and performance of the Group and make financial and operational decisions for the implementation of strategies and plans approved by the Board. The Board also communicates with shareholders and regulatory bodies and makes recommendations to shareholders on final dividends and the declaration of any interim dividend.

Board Meetings and Attendance

The Board meets regularly, and at least 4 times a year, either in person or through other electronic means of communication to determine overall strategic direction, objectives and development of the businesses of the Group, approve quarterly, interim and annual results, and other significant matters Notice of at least 14 days is given to all Directors for a regular Board meeting.

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. For such, reasonable notice is generally given. All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, senior management and the Compliance Officer who are responsible for ensuring the compliance of the Company with the GEM Listing Rules 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. Any Directors and their associates who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed in the Board meetings shall abstain from voting on the relevant resolutions and are not to be counted in the quorum at meetings.

At least 3 days (or such other period as agreed in advance) before each Board meeting, a draft agenda is sent out to all Directors in order to allow the Directors to include any other matters in the agenda that are required for discussion and resolution in the meeting. To enable the Directors to make informed decisions, Board papers together with all appropriate and relevant information in relation to the matters of the meeting are sent to all Directors 3 days or such other period as agreed before each Board meeting such that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting.

The Company Secretary is responsible to keep minutes of all Board meetings and committees meetings. Draft minutes are normally circulated to all Directors for comments within a reasonable time after each meeting and the final versions are open for Directors' inspection.

The Board held 7 meetings during the year ended 31 March 2021. Details of attendance of individual Directors at Board Meetings are presented below:

	Attended/ Eligible to attend
Chairman	
Mr. Cheng Ting Kong	7/7
Executive Directors	
Ms. Cheng Mei Ching	7/7
Mr. Lui Man Wah	7/7
Independent non-executive Directors	
Mr. Tou Kin Chuen	7/7
Mr. Chan Tin Lup, Trevor	7/7
Mr. Jim Ka Shun	7/7

Relationships between the Board

Save that one of the executive Directors, Ms. Cheng Mei Ching, is the sister of Mr. Cheng Ting Kong, the chairman and an executive Director of the Company as well, there was no direct or indirect financial, business, family or other material relationship among the Directors and with the Company and the Board follows the requirements set out in the GEM Listing Rules.

Directors' Continuing Professional Development Programme

Each Director receives comprehensive and formal induction and orientation to ensure he/she adequately understand the operations and business of the Group. The Company also provided detailed director's responsibilities and obligations statement pursuant to the GEM Listing Rules for the Director to review and study. In addition, materials in relation to regularly update on latest development in relation to the GEM Listing Rules, other applicable regulatory requirements and the Group's business and governance policies (the "Reading Materials in relation to Continuous Professional Developments") were circulated to the Directors. Continuing briefings and seminars for the Directors will be arranged as necessary. The Directors are encouraged to participate in continuous professional developments to develop and refresh their knowledge and skills periodically.

During the year ended 31 March 2021 the Directors participated in the continuous professional developments in the following manner:

Name	Reading Materials/ Attending seminars/ courses/conferences in relation to Continuous Professional Developments
Executive Directors	
Mr. Cheng Ting Kong	✓
Ms. Cheng Mei Ching	✓
Mr. Lui Man Wah	✓
Independent non-executive Directors	
Mr. Chan Tin Lup, Trevor	✓
Mr. Tou Kin Chuen	✓
Mr. Jim Ka Shun	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

The Board, led by the Chairman, is responsible for the formulation of Company-wide strategies and policies, including an oversight of the management. Management is responsible for the day-to-day operations of the Company under the leadership of the Chief Executive Officer.

The position of the Chairman and the Chief Executive Officer are held by separate individuals. The role of the Chairman is separated from that of the Chief Executive Officer. Such division of responsibilities helps to reinforce their independence and accountability.

Mr. Cheng Ting Kong is the Chairman of the Company and Mr. Lui Man Wah is the Chief Executive Officer of the Company.

The Chairman is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that the Board acts in the best interest of the Company. To ensure that Board meetings are planned and conducted effectively, the Chairman is primarily responsible for drawing up and approving the agenda for each Board meeting, taking into account, where appropriate, any matters proposed by other Directors for inclusion in the agenda. With the support of Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner. The Chairman also actively encourages Directors to be fully engaged in the Board's affairs and make contribution to the Board's functions. With the support of all other members of the Board, the Chairman procures that good corporate governance practices and procedures are established and that appropriate steps are taken to provide effective communication with shareholders.

The Chief Executive Officer is responsible for managing the business of the entire Company, attending to the formulation and successful implementation of company policies and assuming full accountability to the Board for all Company operation. Acting as the principal navigator of the Company's businesses, the Chief Executive Officer attends to the developing strategic operation plans that reflect the longer term objectives and priorities established by the Board and is directly responsible for maintaining the operational performance of the Company. The Chief Executive Officer also maintains ongoing dialogue with the Chairman and all Directors to keep them fully informed of all major business development and issues.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Executive Directors

Each of Ms. Cheng Mei Ching and Mr. Lui Man Wah, being all the executive Directors, except Mr. Cheng Ting Kong, has entered into a service agreement with the Company for an initial fixed term of one year and shall continue thereafter until terminated by either party by giving two months' notice in writing to the other. For Mr. Cheng Ting Kong, he has entered into a service agreement with the Company for an initial fixed term of three years.

Each of these executive Directors is entitled to the respective director's fee. In addition, each of the executive Directors is also entitled to a discretionary bonus determined by the Board.

Independent non-executive Directors

Each of Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen, and Mr. Jim Ka Shun, the independent non-executive Directors has entered into a letter of service with the Company for a term of one year, provided that either the Company or the independent non-executive Directors may terminate such appointment at any time by giving at least one month's notice in writing to the other. Each of the independent non-executive Directors is entitled to a director's fee.

Upon appointment, the Directors would receive an orientation review of the Company and its business from senior executives. Information are provided to the Directors regularly to ensure that the Directors keep up with the latest changes in the commercial and regulatory environment in which the Group conducts its businesses.

In accordance with the articles 108 of the Articles, one-third of the Directors are subject to retirement by rotation or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from the office and being eligible offer themselves for re-election at each annual general meeting of the Company.

BOARD COMMITTEES

The Board has established the Audit Committee (as defined below) and the Remuneration Committee (as defined below) in order to maintain high standard of corporate governance of the Company.

Audit Committee

The Company established an audit committee ("Audit Committee") on 29 November 2000 with written terms of reference in compliance with the GEM Listing Rules. During the year under review, the audit committee comprises three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Jim Ka Shun. All of them are independent non-executive Directors of the Company and Mr. Tou Kin Chuen was appointed as the Chairman of the Audit Committee.

The primary duties of the audit committee are to review and supervise the financial reporting process, risk management system and internal control systems of the Group so as to provide advice and comments thereon to the Board of Directors. 6 audit committee meetings were held during the year.

The Group's annual results for the year ended 31 March 2021 have been reviewed by the Audit Committee, which is of the opinion that the preparation of such consolidated financial statements complies with applicable accounting standards, the GEM Listing Rules, and that adequate disclosures have been made.

Name of Member	Attended/ Eligible to attend
Mr. Tou Kin Chuen *(Chairman)*	6/6
Mr. Chan Tin Lup, Trevor	6/6
Mr. Jim Ka Shun	6/6

For the year ended 31 March 2021, the Audit Committee reviewed with senior management and the external auditors of the Company their respective audit findings, the accounting principles and practices adopted by the Company, legal and regulatory compliance, and internal control, risk management and financial reporting matters (including the interim and annual financial statements for the year ended 31 March 2021 before recommending them to the Board for approval). In particular, the Audit Committee monitored the integrity of financial statements of the Company and the annual report and accounts and quarterly reports and accounts of the Company, discussed with management and the external auditor, and reviewed significant financial reporting judgments contained in them. In this regard, in reviewing such reports and accounts of the Company before submission to the Board, the Audit Committee focused particularly on:

(a) any changes in financial reporting and accounting policies and practices;

(b) major judgmental areas;

(c) significant adjustments resulting from audit;

(d) the going concern assumption and any qualifications;

(e) compliance with accounting standards; and

(f) compliance with the GEM Listing Rules and any other legal requirements in relation to financial reporting.

The Audit Committee has met its responsibilities to review the audited consolidated results of the Group for the year ended 31 March 2021 and provided advice and comments thereon.

Remuneration Committee

The Company established a remuneration committee ("Remuneration Committee") on 18 March 2005. During the year under review, the Remuneration Committee comprised three members, Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Jim Ka Shun. All of them are independent non-executive Directors and Mr. Chan Tin Lup, Trevor was appointed as the Chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Group's policy and structure in relation to the remuneration of the Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

Name of Member	**Attended/Eligible to attend**
Mr. Chan Tin Lup, Trevor *(Chairman)*	1/1
Mr. Tou Kin Chuen	1/1
Mr. Jim Ka Shun	1/1

The remuneration of the Directors and senior management was determined with reference to the performance and profitability of the Company as well as remuneration benchmarks from other local and international companies and the prevailing market conditions. Directors and employees also participate in bonus arrangements determined in accordance with the performance of the Group and the individual's performance.

For the year ended 31 March 2021, the Remuneration Committee determined the policy for the remuneration of the executive Directors, assessed the performance of the executive Directors and approved the terms of the executive Director's services contracts. The Remuneration Committee adopted the model which is described in the code provision B.1.2 (c)(ii) of the CG Code and Report, it makes recommendations to the Board on the remuneration packages of the individual executive Directors and senior management.

Details of the Directors' emoluments for the year ended 31 March 2021 are set out in note 15 to the consolidated financial statements.

Nomination Committee

The Company established a nomination committee ("Nomination Committee") on 1 December 2015. During the year under review, the Nomination Committee comprises three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Jim Ka Shun. All of them are independent non-executive Directors of the Company and Mr. Tou Kin Chuen was appointed as the Chairman of the Nomination Committee.

The Nomination Committee is responsible to make recommendation to the Board on the appointment of the Directors and the management of the Board's succession. Terms of reference of the Nomination Committee are approved by the Directors.

The principal functions of the committee include:

(i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

(ii) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

(iii) to assess the independence of independent non-executive Directors; and

(iv) to make recommendations to the Board on relevant matters relating to the appointment or reappointment of Directors and succession planning for Directors in particular the chairman and the chief executive officer.

The Nomination Committee held 1 meeting during the year ended 31 March 2021. The attendance records are presented below:

Name of Member	Attended/Eligible to attend
Mr. Tou Kin Chuen *(Chairman)*	1/1
Mr. Chan Tin Lup, Trevor	1/1
Mr. Jim Ka Shun	1/1

For the year ended 31 March 2021, the Nomination Committee reviewed the profile of current Directors and potential candidate of Director to ensure the appropriateness of the Board in performing their duties.

BOARD DIVERSITY POLICY

The Board has established a set of Board Diversity Policy setting out the approach to achieve diversity on the Board with the aims of enhancing Board effectiveness and corporate governance as well as achieving our business objectives and sustainable development. It endeavors to ensure that the Board has balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the corporate governance duties in accordance with code provision D.3.1 to the CG Code which are included to develop and review the Company policies and practices on corporate governance, to review and monitor the training and continuous professional development of the Directors and senior management of the Company, the issuer's policies and practices on compliance with legal and regulatory requirements and reviewing the issuer's compliance with the CG Code and disclosure in the Corporate Governance Report.

For the year ended 31 March 2021, the Board has performed the corporate governance duties stated in code provision D.3.1 of the CG Code.

AUDITORS AND THEIR REMUNERATION

The amount of fees charged by the Auditors generally depends on the scope and volume of the auditors' work. During the year ended 31 March 2021, the independent auditors had been engaged in providing non-audit services in relation to annual review of continuing connected transaction at a fee of HK$100,000. The audit fees of the independent auditors for auditing the consolidated financial statements of the Group for the year ended 31 March 2021 was HK$1,100,000.

Directors' Acknowledgement

The Directors acknowledge their responsibility for preparing the consolidated financial statements which give a true and fair view of the financial position of the Group.

The Directors ensure the consolidated financial statements of the Group are prepared in accordance with the statutory requirements and applicable accounting standards. The Directors also ensure the publication of the consolidated financial statements of the Group is made in a timely manner. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Financial Reporting

The Management has provided to all Directors quarterly updates with quarterly consolidated financial statement of the Company's performance, position and prospects in sufficient details during the regular Board meetings. In addition, the Management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board. The Management will spare no effort to provide all members of the board with more detailed and promptly monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail in coming future.

Compliance with Relevant Laws and Regulations

The Group recognises the importance of compliance with regulatory requirements and the risk of noncompliance with relevant requirements could lead to adverse impact on business operation and financial position of the Group. The Board as a whole is responsible to ensure the Group is in compliance with relevant laws and regulations that have a significant impact on the Group. To the best of knowledge of the Board, the Group has complied with relevant laws and regulations during the year ended 31 March 2021.

COMPANY SECRETARY

The company secretary of the Company (the "Company Secretary") is Ms. Yeung Man Wah. In accordance with the Rule 5.15 of the GEM Listing Rule, she has taken no less than 15 hours of relevant professional training during the year ended 31 March 2021. Ms. Yeung Man Wah is engaged and appointed by the Company from an external secretarial service provider as its company secretary. The primary corporate contact person of the Company is Chim Tak Lai, an executive Director.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhance investor relations. It is committed to providing clear and full information about the Company's performance to shareholders through the publication of quarterly reports and annual report. In addition to dispatching circulars, notices and financial reports to shareholders, additional information is also available to shareholders on the websites of the Group at www.sun8029.com and the Stock Exchange.

The annual general meeting provides a useful forum for shareholders to raise comments and exchange views with the Board. Shareholders are encouraged to attend annual general meetings for which the Company gives at least 21 clear business days' notice. The Chairman and Directors and external auditors are available to answer questions on the Company's businesses at the meeting.

CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 17.10(2) of the GEM Listing Rules, the Company has published on the respective websites of the Stock Exchange and the Company its Memorandum and Articles of Association. During the year ended 31 March 2021, there had not been any changes in the Company's constitutional documents.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE WEBSITE

The annual report of the Company contains all the information required by the GEM Listing Rules will be published on the Stock Exchange website in due course.

RISK MANAGEMENT AND INTERNAL CONTROL

Goals and Objectives

The Board is responsible for the risk management and internal control systems and reviewing their effectiveness. It is acknowledged that the risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

MAIN FEATURES OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Group's risk governance structure and the main responsibilities are summarized below:

Board

- evaluates and determines the nature and extent of significant risks it is willing to take in achieving the Group's strategic objections;
- ensures the implementation of an effective risk management and internal control systems;
- oversees the management in the design, implementation and monitoring of the risk management and internal control systems; and
- ensures the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit and financial reporting functions.

Management

- assists the Board to perform its responsibilities of risk management and internal control systems and ensure such review cover all material controls, including financial, operational and compliance controls;
- designs, implements and monitors the risk management and internal control systems
- identifies and assess the major and significant risks which threaten the achievement of the strategic objectives;
- summarizes the results of the risk assessment and evaluation into risk register;
- develops the internal control audit plan and effective control activities to mitigate risks; and
- communicates and reports to the Board periodically.

Legal and Compliance Department

- performs ongoing compliance review on the operation of the Securities, Futures and Asset Management Division of the Group;
- ensures compliance with, to review and recommend amendment to management policies and procedures, relevant provisions in the Securities and Futures Ordinance Cap. 571 ("SFO") and other relevant regulations;
- ensures proper internal control procedures are in place to safeguard company's and client's assets; and
- prepares and submits the annual compliance review report to the Board for review.

PROCESS USED TO IDENTIFY, EVALUATE AND MANAGE SIGNIFICANT RISKS

Management, with the assistance of the external consultants, are responsible for designing, implementing and monitoring the risk management and internal control systems.

The processes used to identify, evaluate and manage significant risks by the Group are summarized as follows:

Risk identification

- identifies significant risks through interviewing with the management of major subsidiaries. Risk Assessment Evaluation Form are used to document the risk identified by the management of major subsidiaries.

Risk assessment

- analyses the risk identified by the major subsidiaries from the perspective of the Group level as a whole. The analysis considers the range of potential consequences and how likely those consequences to occur. Consequences and likelihood are combined to produce an estimated level of risk.

Risk response

- categorizes the risks into low risk, medium risk and high risk;
- determines the strategy to handle the risk; and
- develops the risk register and internal control audit plan and determines the frequency of review and control testing on key controls.

Risk monitoring and reporting

- performs ongoing communication of monitoring results to the Board which enables it to assess control of the Group and the effectiveness of risk management;
- presents the compliance review report performed by the Group's legal and compliance department to the Board for review; and
- delivers the fact-findings report with recommendations on the review and testing of internal controls on certain agreed operating cycles and areas performed by external consultant to the Audit Committee and the Board.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is primarily performed by the management of the Company and the Legal and Compliance Department, including analyzing and appraising the adequacy and effectiveness of the Group's risk management and internal control systems. For enhancement of the quality of the internal audit, the Company has engaged an external consultant to assist the Management to:

- perform the risk assessment process;
- review the Group's internal audit function; and
- execute the internal audit plan, including performing test of control on selected cycles in accordance with agreed upon procedures determined by the Management.

During the year ended 31 March 2021, the Board conducted an annual review on the effectiveness of the Group's risk management and internal control systems and concluded that the risk management and internal control systems of the Group were adequate and effective during the year under review.

INFORMATION DISCLOSURE POLICY

The Company has adopted its information disclosure policy and related procedures with regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission. The policy stipulates the responsibilities of the Group, key disclosure requirements under Part XIVA of the SFO and Rules 17.10, 17.11 and 17.11A of the GEM Listing Rules, control measures and reporting procedures of handling confidential information and monitoring information disclosure. The Group adopts an upward reporting approach within the Group for identifying and escalating any potential inside information to the Board. The policy is reviewed annually and all reasonable measures have to be taken from time to time to ensure proper safeguards to prevent any breach of disclosure requirements and to maintain strict confidentiality of information.

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

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Hong Kong

TO THE SHAREHOLDERS OF SUN INTERNATIONAL GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sun International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 167, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN

We draw attention to note 3 to the consolidated financial statements which indicates that the Group incurred a net loss of approximately HK$61,928,000 for the year ended 31 March 2021. This condition, along with other matters as set forth in note 3 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubts about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainties Related to Going Concern* sections above, we have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses ("ECL") assessment on loan receivables, advances to customers in margin financing and trade receivables	
Refer to notes 5, 25, 26 and 27 to the consolidated financial statements.	
As at 31 March 2021, the gross carrying amounts of loan receivables, advances to customers in margin financing and trade receivables were approximately HK$36,368,000, HK$56,526,000 and HK$23,291,000 respectively. Accumulated allowance for credit losses of approximately HK$7,584,000, HK$1,502,000 and HK$3,821,000 was provided for loan receivables, advances to customers in margin financing and trade receivables respectively. During the year ended 31 March 2021, allowance for credit losses of approximately HK$685,000 was recognised for advances to customers in margin financing and allowance for credit losses of approximately HK$23,564,000 and HK$2,251,000 was reversed for loan receivables and trade receivables respectively.	Our procedures in relation to management's ECL assessment on loan receivables, advances to customers in margin financing and trade receivables included, but were not limited to: • Understanding the credit control procedures performed by management, including its procedures on periodic review of aged receivables and ECL assessment on receivables; • Testing, on a sample basis, the accuracy of aging profile of receivables by checking to the underlying agreements; • Testing, on a sample basis, the subsequent settlement of receivables against bank receipts;

Key audit matter	How our audit addressed the key audit matter

Expected credit losses ("ECL") assessment on loan receivables, advances to customers in margin financing and trade receivables (Continued)

Refer to notes 5, 25, 26 and 27 to the consolidated financial statements. (Continued)

Management applied judgment in assessing the ECL. Loan receivables and advances to customers in margin financing are assessed individually for ECL. Trade receivables with shared credit risk characteristics are assessed for ECL collectively with the use of provision matrix and trade receivables with significant balances and credit-impaired are assessed for ECL individually. The ECL rates are determined based on historical credit losses experienced and are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables.

We identified ECL assessments on loan receivables, advances to customers in margin financing and trade receivables as a key audit matter due to use of significant judgment and estimates.

- Obtaining management's assessment on the expected credit losses allowance of receivables; and

- Checking management's assessment based on the historical settlement pattern, correspondence with the customers, evidence from external sources including the relevant public search results relating to the financial circumstances of the relevant customers and market research regarding the relevant forward-looking information used in management's assessment.

We found management's ECL assessments on loan receivables, advances to customers in margin financing and trade receivables were supported by available evidence.

Independent Auditors' Report

Key audit matter	How our audit addressed the key audit matter

Impairment assessment on goodwill

Refer to note 19 to the consolidated financial statements.

The Group had goodwill with carrying amount of HK$nil as at 31 March 2021, which are allocated to the cash generating units ("CGUs") represented by securities brokerage and asset management business.

In determining the recoverable amount of goodwill, the Group engaged an independent professional valuer to perform such valuation. The valuation was determined based on the value-in-use model for the CGUs discounted to their present values and it requires the use of key assumptions, including the discount rate, terminal growth rate, budgeted revenue and gross margin, in the financial budgets approved by the directors of the Company based on the management's experience from securities brokerage and asset management business and management's expectations for the market development. During the year ended 31 March 2021, impairment loss of approximately HK$18,429,000 was recognised in respect of goodwill allocated to CGUs of securities brokerage and asset management business.

Our procedures in relation to the management's impairment assessment of the carrying amount of goodwill included, but were not limited to:

- Understanding the Group's impairment assessment process, including the impairment model, basis of allocation of goodwill to CGUs, the preparation of the cash flow projections ("Cashflow Forecasts") and key assumptions adopted in these Cashflow Forecasts through enquiries with the independent valuer and management's review process of the work of the independent valuer with respect to the valuation of goodwill;

- Evaluating the independent valuer's competence, capabilities and their experiences in conducting valuation of similar goodwill;

- Checking the respective independent valuation reports and discussing the valuation of the carrying amount of goodwill with the management, and together with our own external valuation specialists;

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on goodwill (Continued)	
Refer to note 19 to the consolidated financial statements. (Continued)	
We identified the impairment assessment of goodwill as a key audit matter due to its complexity and the inherent subjectivity arising from the significant management judgment.	– evaluating the appropriateness of the valuation models, the preparation of the Cashflow Forecasts and assumptions based on the industry knowledge; – evaluating the appropriateness of the key inputs in the Cashflow Forecasts by independently checking to the relevant external market data and/or relevant historical financial information including budgeted revenue and gross margin, and terminal growth rate by considering the approved financial budgets and the available industry and market data; – comparing the historical cash flows forecast against the performance of CGUs to test the reasonableness of projections; and – checking the mathematical accuracy of valuation calculations. We found the management's judgment and estimates used in impairment assessment on goodwill was supported by available evidence.

Key audit matter	How our audit addressed the key audit matter
Valuation of biological assets	
Refer to note 24 to the consolidated financial statements.	
As at 31 March 2021, biological assets measured at fair value which are classified as level 3 under the fair value hierarchy, amounted to approximately HK$4,454,000. For the year ended 31 March 2021, the net fair value losses on biological assets are approximately HK$22,324,000. In determining the fair values of biological assets, the Group engages independent professional valuers to perform valuation of the aforesaid biological assets. We identified the valuation of the aforesaid biological assets as a key audit matter due to the degree of complexity involved in valuing biological assets, the significance of the judgment and estimates made by the management in determining the inputs used in the valuation models and the subjectivity in determination of level 3 fair value given the lack of availability of market-based data.	Our procedures in relation to valuation of biological assets included, but were not limited to: • Obtaining understanding of the valuation models and the processes through enquiries with the independent valuers and management's review process of the work of the independent valuers with respect to the valuation of biological assets; • Evaluating the independent valuers' competence, capabilities and their experiences in conducting valuation of similar biological assets; • Checking the respective independent valuation reports and discussing the valuation of biological assets with the management, and together with our own external valuation specialists: – evaluating the appropriateness of the valuation models and assumptions based on the industry knowledge; – evaluating the appropriateness of the key inputs by independently checking to the relevant external market data and/or relevant historical financial information; – checking the mathematical accuracy of valuation calculations; and • Making inquiry for the background of the contracted parties and obtaining direct external confirmations from the contracted parties to understand the relevant investments and identifying any conditions that were relevant to the valuation of biological assets. We found the management's judgment and estimates used in valuation on biological assets was supported by available evidence.

OTHER INFORMATION

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

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

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

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

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

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

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

Independent Auditors' Report

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditors' report is Yu Chi Fat.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practicing Certificate Number: P05467

Hong Kong, 30 July 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	7	**63,724**	98,073
Direct costs		**(6,392)**	(6,665)
Gross profit		**57,332**	91,408
Other operating income	9	**3,605**	911
Reversal of allowance for expected credit loss, net	10	**25,130**	7,646
Other gains and losses	11	**(28,616)**	(38,075)
Administrative expenses		**(72,052)**	(87,286)
Finance costs	12	**(20,527)**	(26,729)
Fair value change of biological assets, net		**(22,324)**	(8,102)
Loss before taxation	13	**(57,452)**	(60,227)
Income tax expense	14	**(4,476)**	(258)
Loss for the year		**(61,928)**	(60,485)
Other comprehensive income/(loss):			
Item that will not be reclassified subsequently to profit or loss:			
Fair value adjustment upon transfer of previously self-occupied properties to investment properties		**9,973**	–
Tax effect relating to fair value adjustment upon transfer of previously self-occupied properties to investment properties		**(5,561)**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**8,931**	(5,477)
Other comprehensive income/(loss) for the year		**13,343**	(5,477)
Total comprehensive loss for the year attributable to owners of the Company		**(48,585)**	(65,962)
Loss per share (HK cents)	17		
Basic and diluted		**(2.85)**	(3.05)

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

Consolidated Statement of Financial Position

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS			
Intangible assets	18	**928**	1,231
Goodwill	19	**–**	18,429
Property, plant and equipment	20	**6,096**	34,448
Right-of-use assets	21	**3,018**	4,748
Investment properties	22	**43,240**	–
Other assets	23	**230**	230
Biological assets	24	**4,454**	22,688
Loan receivables	25	**7,563**	11,701
		65,529	93,475
CURRENT ASSETS			
Biological assets	24	**–**	17
Loan receivables	25	**21,221**	26,214
Trade receivables	26	**19,470**	37,512
Advances to customers in margin financing	27	**55,024**	82,744
Prepayments, deposits and other receivables	28	**3,182**	11,213
Tax recoverable		**209**	2,474
Cash and cash equivalents	29	**106,926**	110,506
Cash held on behalf of customers	30	**119,326**	194,455
		325,358	465,135
CURRENT LIABILITIES			
Trade payables	31	**127,053**	208,139
Accruals and other payables	32	**29,516**	24,066
Amounts due to related companies	33	**1,065**	847
Medium-term bonds	34	**–**	26,569
Lease liabilities	37	**2,137**	2,269
		159,771	261,890

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

Consolidated Statement of Financial Position

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
NET CURRENT ASSETS		**165,587**	203,245
TOTAL ASSETS LESS CURRENT LIABILITIES		**231,116**	296,720
NON-CURRENT LIABILITIES			
Promissory notes	*35*	**162,320**	183,333
Deferred tax liabilities	*36*	**5,561**	–
Lease liabilities	*37*	**1,256**	2,823
		169,137	186,156
NET ASSETS		**61,979**	110,564
EQUITY			
Share capital	*38*	**86,869**	86,869
Reserves		**(24,890)**	23,695
TOTAL EQUITY		**61,979**	110,564

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 July 2021 and are signed on its behalf by:

Cheng Ting Kong
Director

Lui Man Wah
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Capital contribution reserve *HK$'000*	Capital redemption reserve *HK$'000*	Property revaluation reserve *HK$'000*	Merger reserve *HK$'000*	Share option reserve *HK$'000*	Translation reserve *HK$'000*	Amounts relating to non-current assets held for sale *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2019	55,656	775,075	–	255	–	370	24,200	33,070	5,241	(1,078,897)	(185,030)
Loss for the year	–	–	–	–	–	–	–	–	–	(60,485)	(60,485)
Other comprehensive loss:											
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	–	–	–	(5,477)	–	–	(5,477)
Total comprehensive loss for the year	–	–	–	–	–	–	–	(5,477)	–	(60,485)	(65,962)
Issue of new shares	31,213	237,585	–	–	–	–	–	–	–	–	268,798
Transactions with shareholders *(Note)*	–	–	98,060	–	–	–	–	(61)	(5,241)	–	92,758
Lapse of share options	–	–	–	–	–	–	(6,466)	–	–	6,466	–
At 31 March 2020 and 1 April 2020	**86,869**	**1,012,660**	**98,060**	**255**	**–**	**370**	**17,734**	**27,532**	**–**	**(1,132,916)**	**110,564**
Loss for the year	–	–	–	–	–	–	–	–	–	(61,928)	(61,928)
Other comprehensive income/(loss):											
Fair value adjustment upon transfer of previously self-occupied properties to investment properties, net of tax	–	–	–	–	4,412	–	–	–	–	–	4,412
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	–	–	–	–	8,931	–	–	8,931
Total comprehensive income/(loss) for the year	–	–	–	–	4,412	–	–	8,931	–	(61,928)	(48,585)
Lapse of share options	–	–	–	–	–	–	(16,075)	–	–	16,075	–
At 31 March 2021	**86,869**	**1,012,660**	**98,060**	**255**	**4,412**	**370**	**1,659**	**36,463**	**–**	**(1,178,769)**	**61,979**

Note:

Pursuant to ordinary resolutions passed at the extraordinary general meeting of the Company held on 24 June 2019 (the "Resolutions"), certain transactions involving the Group and the Company's ultimate controlling shareholders acting in their capacity as owners of the Group were approved (Notes 25, 32, 33, 35 and 44).

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Loss before taxation		**(57,452)**	(60,227)
Adjustments for:			
Amortisation of intangible assets		**188**	164
Depreciation of property, plant and equipment		**4,017**	5,177
Depreciation of right-of-use assets		**2,475**	2,243
Interest income		**(87)**	(400)
Finance costs		**20,527**	26,729
Reversal of allowance for expected credit loss, in respect of loan receivables		**(23,564)**	(6,450)
Provision/(reversal) of allowance for expected credit loss, in respect of advances to customers in margin financing		**685**	(1,522)
(Reversal)/provision of allowance for expected credit loss, in respect of trade receivables		**(2,251)**	326
Impairment loss recognised in respect of goodwill		**18,429**	28,666
Impairment loss recognised in respect of intangible assets		**264**	–
Fair value change of biological assets, net		**22,324**	8,102
Loss on early redemption for promissory notes		**10,181**	–
Loss on written off of property, plant and equipment		**3,100**	–
Gain on disposal of biological assets		**–**	(95)
Operating cash flows before movements in working capital		**(1,164)**	2,713
Decrease in other assets		**–**	45
Decrease in biological assets		**–**	20,010
Decrease in loan receivables		**32,695**	35,636
Decrease/(increase) in trade receivables		**18,172**	(11,749)
Decrease/(increase) in advances to customers in margin financing		**27,035**	(2,912)
Decrease/(increase) in prepayments, deposits and other receivables		**6,860**	(2,119)
Decrease/(increase) in cash held on behalf of customer		**75,129**	(73,471)
(Decrease)/increase in trade payables		**(81,496)**	65,706
Increase/(decrease) in accruals and other payables		**3,316**	(6,434)
Decrease in deposits received and deferred income		**–**	(641)
Increase/(decrease) in amounts due to related companies		**12**	(2,859)

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Cash generated from operations		**80,559**	23,925
Income tax (paid)/refund		**(2,211)**	2,058
Net cash generated from operating activities		**78,348**	25,983
Cash flows from investing activities			
Interest received		**87**	367
Sale proceeds from disposal of biological assets		**–**	196
Net cash outflows from disposal of a subsidiary	44	**–**	(1,506)
Additions of property, plant and equipment		**(3,235)**	(2,897)
Payments for right-of-use assets		**–**	(113)
Net cash used in investing activities		**(3,148)**	(3,953)
Cash flows from financing activities			
Repayment of medium-term bonds		**(27,000)**	(9,000)
Repayment of promissory notes		**(50,000)**	–
Repayment of lease liabilities		**(2,447)**	(1,724)
Interest paid		**(3,167)**	(2,820)
Net cash used in financing activities		**(82,614)**	(13,544)
Net (decrease)/increase in cash and cash equivalents		**(7,414)**	8,486
Cash and cash equivalents at the beginning of the year		**110,506**	110,525
Reclassification from assets classified as held for sale		**–**	394
Effect of changes in exchange rate, net		**3,834**	(8,899)
Cash and cash equivalents at the end of the year	29	**106,926**	110,506

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

1. GENERAL

The Company is incorporated in the Cayman Islands on 11 July 2000 as an exempted company with limited liability under the Companies Law (Revised) of Cayman Islands. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at the reporting date, the ultimate and immediate holding company of the Company is First Cheer Holdings Limited ("First Cheer"), a company incorporated in the British Virgin Islands, and is beneficially owned as to 50% by Mr. Chau Cheok Wa ("Mr. Chau") and as to 50% by Mr. Cheng Ting Kong ("Mr. Cheng").

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

During the year ended 31 March 2021, the Group was principally engaged in money lending, securities and futures brokerage, assets management services, provision of equine related services, properties investment and investment in stallions.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

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

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 ("GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for biological assets and investment properties which have been measured at fair value at the end of each reporting period, as explained in the accounting policies below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, 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*.

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.

For investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of preparation of consolidated financial statements *(Continued)*

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

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

(a) Going concern basis

The Group incurred a net loss of approximately HK$61,928,000 (2020: HK$60,485,000) during the year ended 31 March 2021. The Group has sustained losses for nine consecutive years. The losses incurred by the Group for the nine years ended 31 March 2021 amounted to approximately HK$1,995,572,000 (2020: eight years ended 31 March 2020 was approximately HK$1,933,644,000). In addition, the Group's equine business attributed to the Group's loss for the year of approximately HK$27,821,000 (2020: HK$27,140,000).

The directors of the Company had reviewed the Group's cash flow forecast for a period of not less than twelve months from the date of approval of the consolidated financial statements and considered that as at 31 March 2021, the Group's had promissory notes of approximately HK$162,320,000 which would be matured on January 2023 and cash and cash equivalents of approximately HK$106,926,000.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of such circumstances, the directors have given careful consideration to future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to finance its future working capital and finance requirements. Certain measures have been and will be taken to manage its liquidity need and to improve its financial position which include, but are not limited to, the following:

(a) The Group will continuously adopt strict monitoring process on repayment status of loan receivables, trade receivables and advances to customers in margin financing in order to ensure timely collection and improve its operating cash flows and financial position;

(b) The Group will continuously take measures to tighten cost control over various costs to attain profit and operating cash inflows;

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of preparation of consolidated financial statements *(Continued)*

(a) Going concern basis*(Continued)*

(c) The Group has commenced its cryptocurrency mining activities to attain profit and diversify business risks; and

(d) The Group will continue negotiate with its creditors for extension of its debts when fall due.

The directors are of the opinion that, taking into account (i) the above-mentioned plans and measures on the Group's operations; (ii) the ability to generate operating cash flow from the Group's cryptocurrency mining activities and (iii) successful negotiation with the Group's creditors to extend the repayment date, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 March 2021 on a going concern basis.

Significant accounting policies

(b) Basis of consolidation

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

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

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(b) Basis of consolidation *(Continued)*

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(c) Business combinations

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

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010).

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(c) Business combinations *(Continued)*

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

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

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

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date.

(d) Goodwill

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(e) 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 or 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(e) Revenue from contracts with customers *(Continued)*

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.

Variable consideration

For contracts that contain variable consideration (mainly represents the performance income, as explained above), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Further details of the Group's revenue and other income recognition policies are as follows:

(1) Brokerage
The Group provides brokering and dealing services for securities, futures and options contracts. Commission income is recognised at a point in time on the execution date of the trades at a certain percentage of the transaction value of the trades executed. Fee income is recognised when the transaction is executed and service is completed, except for custodian service fee which is recognised over time.

(2) Asset management
The Group provides asset management and advising on securities to customers. The customers simultaneously receive and consume the benefit provided by the Group, hence the revenue is recognised as a performance obligation satisfied over time. Asset management fee income is charged at a fixed percentage per month of the net asset value of the managed accounts under management of the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(e) Revenue from contracts with customers *(Continued)*

Variable consideration (Continued)

Further details of the Group's revenue and other income recognition policies are as follows: *(Continued)*

(2) Asset management *(Continued)*
The Group is also entitled to a performance fee when there is a positive performance for the relevant performance period and it is recognised at the end of the relevant performance period, when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(3) Sales of biological assets
Revenue from sales of biological assets is recognised at the point in time when control of the asset is transferred to the customer, i.e., when the products are collected by the customers.

(4) Stallions service
Service income is recognised at the point in time when a vet certificate is produced for confirming that a viable live foal was produced. Service income is recognised at the amount attributable to the Group's interests in the stallion.

(5) Biological assets handling service
Service income is recognised when services are rendered, on an accrual basis or where condition attached to the relevant agreements and mandates is in satisfaction of the relevant condition.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(f) Leases *(Continued)*

The Group as a lessee

Allocation of consideration to components of a contract
For a contract that contain 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.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to leases of office 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 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 incentive received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(f) Leases *(Continued)*

The Group as a lessee (Continued)

Right-of-use assets *(Continued)*

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 is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

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.

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;
- amounts expected to be paid under residual value guarantees; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(f) Leases *(Continued)*

The Group as a lessee (Continued)

Lease liabilities *(Continued)*

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

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

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

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(f) Leases *(Continued)*

The Group as a lessor

Classification and measurement of leases
Lease for which the Group is a lessor is classified as operating lease.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary business are presented as revenue.

(g) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary assets and liabilities 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 arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the exchange rate prevailing at the end of the reporting period. Income and expenses 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 transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(g) 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 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.

(h) Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

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.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions 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-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. 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 the share-based payments 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-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to accumulated losses.

Share options granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(i) Borrowing costs

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

(j) Employee benefits

(i) Retirement benefit scheme

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") in Hong Kong and Superannuation Guarantee Contribution Scheme ("SGC Scheme") in Australia are recognised as an expense when employees have rendered services entitling them to the contributions.

(ii) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(iii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the report date, regardless of when the actual settlement is expected to occur.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(k) 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 profits for the year. Taxable profit differs from loss before taxation as reported in the consolidated statement of profit or loss because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting 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 differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(k) Taxation *(Continued)*

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises 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 transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

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 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 and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(l) Property, plant and equipment

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

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

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. 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.

The principal annual rates of depreciation are as follows:

Land and buildings	2.5%
Leasehold improvement	4% to 20%
Farm and vet equipment	10% to 15%
Furniture, fixtures and office equipment	11.25% to 33.33%
Motor vehicles	8.3% to 20%
Yacht	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement is recognised in the consolidated statement of profit or loss in the year which the asset is derecognised and such amount is determined as the difference between the net sales proceeds and the carrying amount of the relevant asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(m) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

(n) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. 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.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses.

Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see accounting policy in respect of impairment losses on intangible assets below).

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(o) Biological assets

Biological assets, including Stallions and Bloodstocks, are measured on initial recognition and at the end of the reporting period at their fair value less costs to sell, with any resulting gain or loss recognised in the profit or loss for the year in which it arises. Costs to sell are the incremental costs directly attributable to the disposal of an asset, mainly transportation cost and excluding finance costs and income taxes. The fair value of biological assets is determined based on their present location and condition and is determined independently by a professional valuer.

(p) Impairment on property, 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 property, plant and equipment, right-of-use assets and intangible assets other than goodwill with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives are test for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets other than goodwill 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.

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

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 pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

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

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) 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 CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. 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 CGUs. 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 CGUs. An impairment loss is recognised immediately in profit or loss.

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

(q) 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 that 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 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(r) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(s) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(s) Related parties *(Continued)*

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

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

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

A related party transaction is a transfer of resources, services or obligations between the Group 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.

(t) 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 directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(t) Financial instruments *(Continued)*

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

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets
Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

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

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

- the financial asset is held within a business model whose objective is achieved by both 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 initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquire in a business combination to which HKFRS 3 *Business Combinations* applies.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(t) Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*
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.

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.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(t) Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other asset, deposits and other receivables, loan receivables, advances to customers in margin financing, cash and bank balances and cash held on behalf of customers) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(t) Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(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 forwardlooking information that is available without undue cost or effort.

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(t) Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

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

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the 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.

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

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 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 of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

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

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

(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;

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(t) Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

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

(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 asset at a deep discount that reflects the incurred credit loss.

(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, 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 adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(t) Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

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

Lifetime ECL for certain trade receivables and loan receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(t) Financial instruments *(Continued)*

Financial assets (Continued)

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 recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Financial liabilities and equity

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.

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities including trade payables, accruals and other payables, deposits received, amounts due to related companies, medium-term bonds, promissory notes and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(t) Financial instruments *(Continued)*

Derecognition modification 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.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(u) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management 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.

(w) Government grants

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

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

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

(x) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

(x) Non-current assets held for sale *(Continued)*

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell which continue to be measured in accordance with the accounting policies as set out in respective sections.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

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

Going concern and liquidity

As explained in note 3(a), the Group had sustained losses for nine consecutive years. In particular, the Group incurred loss of approximately HK$61,928,000 for the year ended 31 March 2021. These conditions indicate the existence of material uncertainties which may cast doubt on the Group's ability to continue as a going concern. The assessment of the going concern assumptions involves making judgment by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has the ability to continue as a going concern notwithstanding the major conditions that may cast doubts about the going concern assumptions, which are set out in note 3(a) to the consolidated financial statements.

Deferred taxation on investment properties

In respect of the Group's investment properties located in Australia with carrying amount of approximately HK$43,240,000, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has recognised deferred taxes of approximately HK$5,561,000 upon transfer of previously self-occupied properties to investment properties as the Group is subject to Australian tax upon disposal of the relevant investment properties.

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 may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for loan receivables, trade receivables and advances to customers in margin financing

The Group makes loss allowances on loan receivables, trade receivables and advances to customers in margin financing based on various factors including the past due status of the receivables, past default experience, qualitative creditworthiness, collateral values and forward-looking macroeconomic scenarios and economic inputs. The assessment of ECL on receivables involves high degree of estimation uncertainty and is sensitive to changes in estimates. Where the expectations are different from the original estimates, such differences will impact the carrying amounts of receivables and the allowance for credit losses on receivables recognised in the years in which such estimates have been changed.

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

Key sources of estimation uncertainty *(Continued)*

Provision of ECL for loan receivables, trade receivables and advances to customers in margin financing *(Continued)*

In addition, the Group uses practical expedient in estimating ECL on certain trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. Due to financial uncertainty triggered by the COVID-19 pandemic, the Group has increased the expected loss rates in the current year as there is higher risk that a prolonged pandemic could led to increased credit default rates.

Further information is disclosed in Note 5(b) to the consolidated financial statements.

Estimated impairment of property, plant and equipment, right-of-use assets, intangible assets and goodwill

Property, plant and equipment, right-of-use assets and intangible assets with definite useful life are stated at costs less accumulated depreciation, if any. Determining whether intangible assets with indefinite useful life and goodwill are impaired require an estimation of the recoverable amount of the CGU (or group of CGUs) to which intangible assets with indefinite useful life and goodwill have been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or a group of CGUs) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

For impairment assessment, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Further, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions in the Group's operations.

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

Key sources of estimation uncertainty *(Continued)*

Estimated impairment of property, plant and equipment and right-of-use assets and intangible assets and goodwill *(Continued)*

As at 31 March 2021, the carrying amounts of property, plant and equipment, right-of-use assets, intangible assets and goodwill subjected to impairment assessment were of approximately HK$6,096,000, HK$3,018,000, HK$928,000 and HK$nil (2020: HK$34,448,000, HK$4,748,000, HK$1,231,000 and HK$18,429,000) respectively, of which details are disclosed in Notes 20, 21, 18 and 19.

Fair value of biological assets

The Group's biological assets are valued at fair value less costs to sell. The fair value of biological assets is determined based on either the market-determined prices as at the end of the reporting period adjusted with reference to the species, age, growing condition, costs incurred and expected yield to reflect differences in characteristics and/or stages of growth of the horse; or the present value of expected net cash flows from the biological assets discounted at a current market-determined rate, when market-determined prices are unavailable; or the cost when appropriate. In light of the negative impact of the COVID-19 pandemic, the independent valuers included uncertainty clauses in the valuation reports in respect of biological assets. Whilst the Group considers valuations of the Group's biological assets are the best estimates, the ongoing COVID-19 pandemic has resulted in greater market volatility depending on how the COVID-19 pandemic may progress and evolve, which have led to higher degree of uncertainties in respect of the valuations in the current year.

Any change in the estimates may affect the fair value of the biological assets significantly. Independent professional valuers and the management review assumptions and estimates periodically to identify any significant change in the fair value of the biological assets.

As at 31 March 2021, the carrying amount of the Group's biological assets is approximately HK$4,454,000 (2020: HK$22,705,000). Details of assumptions used are disclosed in Note 24.

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

Key sources of estimation uncertainty *(Continued)*

Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. As at 31 March 2021, the carrying amount of the Group's investment properties was approximately HK$43,240,000. The determination of the fair value involves certain assumptions of market conditions which are set out in Note 22.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. In light of the negative impact of the COVID-19 pandemic, the independent valuers included uncertainty clauses in the valuation reports in respect of investment properties located in Australia. Whilst the Group considers valuations of the Group's investment properties are the best estimates, the ongoing COVID-19 pandemic has resulted in greater market volatility depending on how the COVID-19 pandemic may progress and evolve, which have led to higher degree of uncertainties in respect of the valuations in the current year. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
Amortised cost	**331,414**	473,073
Financial liabilities		
Amortised cost	**323,347**	448,046

(b) Financial risk management objectives and policies

The Group's major financial instruments include other assets, loan receivables, trade receivables, advances to customers in margin financing, deposits and other receivables, cash and cash equivalents, cash held on behalf of customers, trade payables, accruals and other payables, amounts due to related companies, medium-term bonds, promissory notes and lease liabilities. Details of these financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include credit risk, market risk (interest rate risk and foreign currency 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.

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

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to other assets, loan receivables, trade receivables, advances to customers in margin financing, deposits and other receivables, cash and bank balances and cash held on behalf of customers. At 31 March 2021 and 2020, 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, would be the carrying amount of the respective financial assets. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with loan receivables is mitigated by second legal charged properties, share charges over issued share capital of private companies incorporated in Hong Kong and Cayman Islands and personal guarantees and advances to customers in margin financing is mitigated by collateral over securities held by margin customers.

5. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	**12m or lifetime ECL**	**Gross carrying amount**	
			2021	2020
			HK$'000	*HK$'000*
Financial assets at amortised cost				
Loan receivables	*25*	Lifetime ECL (not credit impaired)	**35,706**	34,229
		Lifetime ECL (credit impaired)	**662**	39,448
Trade receivables	*26*	Lifetime ECL (provision matrix)	**783**	969
		Lifetime ECL (not credit impaired)	**18,964**	36,915
		Lifetime ECL (credit impaired)	**3,544**	4,632
Advances to customers in margin financing	*27*	12m ECL	**56,526**	83,561
Other assets	*23*	12m ECL	**230**	230
Deposits and other receivables	*28*	12m ECL	**1,654**	9,711
Cash and bank balance	*29*	12m ECL	**106,926**	110,506
Cash held on behalf of customers	*30*	12m ECL	**119,326**	194,455

5. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk *(Continued)*

The Group has established credit policies and the exposures to these credit risks are monitored on an ongoing basis. Information about the Group's credit risk management, and the related impairment assessment, if applicable, are summarised as below:

Loan receivables

In order to minimise the credit risk, the directors have appointed a working team of authorised persons who are charged with the responsibility of accepting new borrowers, approving credit limit for each borrower and reviewing borrowers' repayment ability periodically.

Prior to the lending of loans, the working team reviews the financial strength, purpose of the borrowing, repayment ability of the borrowers to ensure that the borrowers have sound financial repayment ability. The working team assesses the credit risk of each individual borrower by analysing factors including the counterparty's financial position, value of collaterals provided, business prospects and management, macroeconomic development, industrial and sovereign risk and historical performance. The working team also meets regularly and reviews the financial conditions of borrowers and guarantors periodically.

The Group assesses allowance for credit losses on loan receivables individually based on historical credit loss experience of the customers as well as fair value of the collateral pledged by the customers and adjusted for forward-looking information. As at 31 March 2021, the balance of allowance for credit losses in respect of loan receivables were approximately HK$7,584,000 (2020: HK$35,762,000). Movements in allowance for credit losses are disclosed in note 25 to the consolidated financial statements.

The Group has concentration of credit risk as 42% (2020: 49%) and 99% (2020: 99%) of the total loan receivables was due from the Group's largest customer and the five largest customers respectively.

5. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk *(Continued)*

Trade receivables

The Group's trade receivables are mainly due from brokers, dealers and clearing house and customer from equine business. The Group applies simplified approach under ECL model in assessing the lifetime ECL for trade receivables. The Group assesses trade receivables with shared credit risk characteristics with the use of provision matrix and assesses trade receivables with significant balances and credit-impaired individually.

For trade receivables due from reputable brokers, dealers and clearing houses, which are governed by regulators such as Hong Kong Securities and Futures Commission (the "SFC"), the directors consider the credit risk of these trade receivables to be low as the counterparties do not have defaults in the past and therefore the average expected credit loss rate is assessed to be immaterial and no provision was made for the reporting period.

For trade receivables due from customers of equine business, the Group assesses allowance for credit losses collectively based on provision matrix. The trade receivables are grouped based on shared credit risk characteristics by reference to past default experience and current past due exposure of the customer. The estimated loss rates are estimated based on historical observed default rates over the expected life of the customers and are adjusted for forward-looking information. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific customers are updated. As at 31 March 2021, the balance of allowance for credit losses in respect of trade receivables were approximately HK$3,821,000 (2020: HK$5,004,000). Movements in allowance for credit losses are disclosed in note 26 to the consolidated financial statements.

The following table provides information about the Group's exposure to credit risk and average expected loss rate for trade receivables from equine business that are not credit-impaired under provision matrix for the year ended 31 March 2021 and 2020:

	2021		
	Average expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*HK$'000*	*HK$'000*
0-30 days past due	19	476	91
31-60 days past due	61	307	186
		783	277

5. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk *(Continued)*

Trade receivables (Continued)

	2020		
	Average expected loss rate	Gross carrying amount	Loss allowance
	%	*HK$'000*	*HK$'000*
0-30 days past due	36	917	333
31-60 days past due	75	52	39
		969	372

The Group has concentration of credit risk as 53% (2020: 79%) and 86% (2020: 89%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

Trade receivables which were credit-impaired with gross carrying amount of approximately HK$3,544,000 (2020: HK$4,632,000) were assessed individually because there were breach of contract, such as a default or past due event.

Advances to customers in margin financing

In order to minimise the credit risk of advances to customers in margin financing, the directors have appointed a working team of authorised persons who are charged with the responsibility of accepting new customers, approving credit limit for each customer, approving shares acceptable for margin financing and setting stock margin ratio for each approved share.

The working team manages and analyses the credit risk for each of its new and existing clients before standard payment terms and conditions are offered. If there is no independent rating, the Group assesses the credit quality of the customer based on the customer's financial position, past experience and other factors.

For approving shares acceptable for margin financing, the working team will update the approved share list bimonthly, and will revise as and when deemed necessary. They will further prescribe from time to time lending limits on individual share or on any individual customer and his/her associates.

5. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk *(Continued)*

Advances to customers in margin financing (Continued)

The working team is also responsible for overall monitoring of the credit risk of its customers and will make margin call to those customers who trade exceed their respective limits. Any such excess is required to be made good within two days for securities and the next day for futures of the deficiency report. The deficiency report will be monitored daily by the Group's compliance officer and responsible officers. Failure to meet margin calls may result in the liquidation of the customers' positions. For each individual other loans and advances, the working team will closely monitor financial position of the debtors and guarantors, and for the loans with collateral pledged to the Group, they will ensure sufficient collateral was received and to maintain an acceptable loan to collateral value ratio.

The Group assesses allowance for credit losses on advances to customers in margin financing individually based on historical credit loss experience of the customers as well as the fair value of the collateral pledged by the customers and adjusted for forward-looking information. As at 31 March 2021, the balance of allowance credit losses in respect of advances to customers in margin financing were approximately HK$1,502,000 (2020: HK$817,000). Movements in allowance for credit losses are disclosed in note 27 to the consolidated financial statements.

The Group has concentration of credit risk as 22% (2020: 10%) and 68% (2020: 42%) of the total advances to customers in margin financing was due from the Group's largest customer and the five largest customers respectively.

Other assets, deposits and other receivables

The credit quality of other assets, deposits and other receivables have been assessed with reference to historical information about the counterparties default rates of the counterparties. The directors are of the opinion that the credit risk of these amounts are low and therefore the average expected credit loss rate is assessed to be immaterial and no provision was made for the reporting period.

Cash and bank balances and cash held on behalf of customers

Credit risk on cash and bank balances and cash held on behalf of customers are limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies and the ECL on bank balances are considered to be insignificant.

5. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The policies to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

Foreign currency risk

The Group operates in Hong Kong and Australia. The Group is exposed to foreign currency risk from commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the Group entity's functional currency.

The Group engages in equine business in Australia through its local subsidiaries with Australian Dollars ("AUD") as their functional currency. At 31 March 2021, these Australia subsidiaries are not exposed to foreign currency risk as their monetary assets and liabilities are denominated in AUD.

The other entities within the Group with Hong Kong dollar as their functional currency have commercial transactions and monetary assets and liabilities that are denominated in United States Dollar ("US$") and other foreign currencies. Since HK$ is pegged to US$, the Group does not expect any significant movement in HK$/US$ exchange rate and there is no significant foreign currency risk exposure with respect to US$. Given that the aggregate amount monetary assets and liabilities denominated in other foreign currencies are minimal, the foreign currency risk exposure with respect to other foreign currencies is not significant.

The Group currently does not have a foreign currency hedging policy in respect of assets and liabilities denominated in foreign currency. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

5. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. As part of the measures to safeguard liquidity, the Group has diversified the funding sources and spacing out the maturity dates.

A number of the Group's activities in Hong Kong are subject to various statutory liquidity requirements as prescribed by the SFC in accordance with the Hong Kong Securities and Futures Ordinance (the "SFO").

The Group has also put in place a monitoring system to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with relevant liquid capital requirements under the SFO.

The Group closely monitors its liquidity risk by performing periodic reviews and evaluations of its liquidity with regard to the industry characteristics, market conditions, business strategies and changes in the Group's state of affairs and adjusting the current and non-current portions of the Group's debt portfolio on a proper and timely basis. In addition, the Group aims to ensure continuity of funds and flexibility through the use of various means of financing and by keeping committed facilities available.

5. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

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

	Effective interest rate	Within 1 year	1 to 5 years	Over 5 years	Total undiscounted cash flow	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2021						
Non-derivative financial liabilities						
Trade payables		**127,053**	**–**	**–**	**127,053**	**127,053**
Accruals and other payables		**29,516**	**–**	**–**	**29,516**	**29,516**
Amounts due to related companies		**1,065**	**–**	**–**	**1,065**	**1,065**
Promissory notes	**11.04**	**–**	**196,767**	**–**	**196,767**	**162,320**
Lease liabilities	**7.70-12.34**	**2,415**	**1,312**	**–**	**3,727**	**3,393**
		160,049	**198,079**	**–**	**358,128**	**323,347**
2020						
Non-derivative financial liabilities						
Trade payables		208,139	–	–	208,139	208,139
Accruals and other payables		24,066	–	–	24,066	24,066
Amounts due to related companies		847	–	–	847	847
Medium-term bonds	11.13	27,787	–	–	27,787	26,569
Promissory notes	11.04	–	246,767	–	246,767	183,333
Lease liabilities	7.70-12.34	2,725	3,060	–	5,785	5,092
		263,564	249,827	–	513,391	448,046

5. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value of financial instruments

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis were not materially different from their carrying amounts which are carried at amortised cost as at 31 March 2021 and 2020 except for the promissory notes, which had a carrying amount and fair value of HK$162,320,000 and HK$183,654,000 (2020: HK$183,333,000 and HK$150,181,000) at 31 March 2021 respectively.

6. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the abilities of the entities in the Group to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The directors actively and regularly review and manage the Group's capital structure to maximise the returns to shareholders through the optimisation of the debt afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Group's overall strategy remains unchanged from prior years.

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries, which engaged in securities and futures dealings and broking, nominee and custodian services, leveraged foreign exchange trading, and fund management, are regulated entities under the SFO and are required to comply with certain capital requirement according to the SFO.

During the year, the subsidiaries of the Group which are subject to minimum capital requirements imposed by the SFO, complied with all the minimum capital requirements.

During the years ended 31 March 2021 and 2020, the capital structure of the Group mainly consists of debts, which include medium-term bonds, promissory notes and lease liabilities and equity attributable to owners of the Company, comprising issued capital and reserves. The directors consider the cost of capital and the risks associated with each class of capital to monitor its capital structure on the basis of a gearing ratio. The ratio is calculated as borrowings divided by total equity.

6. CAPITAL RISK MANAGEMENT *(Continued)*

The Group aims to maintain the gearing ratio at a reasonable level.

	2021 HK$'000	2020 HK$'000
Borrowings	**165,713**	214,994
Total equity	**61,979**	110,564
Gearing ratio	**267%**	194%

7. REVENUE

	2021 HK$'000	2020 HK$'000
Revenue within the scope of HKFRS 15 (Note (i)):		
Revenue from financial services		
Fees and commission income:		
– Securities	**16,825**	32,616
– Futures	**2,676**	61
– Fund and bond	**116**	293
– Asset management fee income	**60**	275
	19,677	33,245
Revenue from equine services		
Biological assets handling services income	**7,610**	8,451
Stallions service income	**14,389**	11,922
Sales of biological assets	**–**	6,070
	21,999	26,443
	41,676	59,688
Revenue outside the scope of HKFRS 15:		
Interest income from cash and margin clients	**13,200**	11,241
Interest income from loan receivables	**8,848**	27,144
	22,048	38,385
	63,724	98,073

7. REVENUE *(Continued)*

Note:

(i) Revenue within the scope of HKFRS 15:

	2021	2020
	HK$'000	*HK$'000*
Recognised at a point in time	**34,006**	50,962
Recognised over time	**7,670**	8,726
	41,676	59,688

8. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the directors of the Company, being the chief operating decision maker (the "CODM"), for the purpose of monitoring segment performance and allocating resources between segments and that are used to make strategic decisions.

The Group has three operating and reportable segments – Financial service operations, equine service operations and properties investment operations. The segmentations are based on the information about the operations of the Group that management uses to make decisions.

The Group's operating and reportable segments are strategic business units that operate different activities. They are managed separately because each business has different markets and requires different marketing strategies.

Particulars of the Group's operating and reportable segments are summarised as follows:

Financial services	–	provision of securities and futures brokerage; provision of margin financing, asset management services and custodian services to customers and engaging in money lending business
Equine services	–	provision of stallion services and investment in stallions
Properties investment	–	rental income from investment properties in Australia

Segment revenue reported as follow represents revenue generated from external customers. There was no inter-segment revenue for both years.

Segment results represent (loss incurred)/profit earned by each segment without allocation of central administrative expenses including directors' emoluments, certain other operating income, certain other gains and losses, certain administrative expenses and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

8. SEGMENT INFORMATION *(Continued)*

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

– all assets are allocated to operating segments other than certain right-of-use assets, certain property, plant and equipment, certain prepayments, deposits and other receivables, certain cash and cash equivalents and tax recoverable that are not attributable to individual segments. Assets used jointly by individual segments are allocated on the basis of the revenues earned by individual segments; and

– all liabilities are allocated to operating segments other than medium-term bonds, promissory notes, certain accruals and other payables, certain lease liabilities that are not attributable to individual segments. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

For the year ended 31 March 2021

	Equine services *HK$'000*	Financial services *HK$'000*	Properties investment *HK$'000*	Total *HK$'000*
Segment revenue	**21,999**	**41,725**	**–**	**63,724**
Segment results	**(27,821)**	**7,699**	**–**	**(20,122)**
Unallocated corporate income				**742**
Unallocated finance costs				**(20,476)**
Unallocated corporate expenses				**(17,596)**
Loss before taxation				**(57,452)**

8. SEGMENT INFORMATION *(Continued)*

For the year ended 31 March 2021

Amounts included in the measurement of segment profit or loss or segment assets are as follows:

	Equine services *HK$'000*	Financial services *HK$'000*	Properties investment *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Impairment losses recognised in respect of					
– goodwill	–	(18,429)	–	–	(18,429)
– intangible assets	(264)	–	–	–	(264)
Reversal/(provision) of allowance for expected credit loss, net					
– advances to customers in margin financing	–	(685)	–	–	(685)
– trade receivables	2,251	–	–	–	2,251
– loan receivables	–	23,564	–	–	23,564
Depreciation of					
– property, plant and equipment	(2,170)	(916)	–	(931)	(4,017)
– right-of-use assets	–	(744)	–	(1,731)	(2,475)
Amortisation of intangible assets	(188)	–	–	–	(188)
Loss on written off of property, plant and equipment	(2,723)	(377)	–	–	(3,100)
Net foreign exchange gain	23	5	–	230	258
Finance cost	(12)	(39)	–	(20,476)	(20,527)
Fair value change of biological assets	(22,324)	–	–	–	(22,324)
Addition to property, plant and equipment	88	933	–	3,776	4,797
Addition to right-of-use assets	–	673	–	–	673

8. SEGMENT INFORMATION *(Continued)*

As at 31 March 2021

	Equine services *HK$'000*	Financial services *HK$'000*	Properties investment *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Segment assets	**21,739**	**314,893**	**43,240**	**11,015**	**390,887**
Segment liabilities	**25,167**	**132,264**	**5,561**	**165,916**	**328,908**

For the year ended 31 March 2020

	Equine services *HK$'000*	Financial services *HK$'000*	Total *HK$'000*
Segment revenue	26,443	71,630	98,073
Segment results	(27,140)	3,706	(23,434)
Unallocated corporate income			95
Unallocated finance costs			(26,649)
Unallocated corporate expenses			(10,239)
Loss before taxation			(60,227)

Segment revenue reported above represents revenue generated from external customers. There was no inter-segment revenue in the year.

8. SEGMENT INFORMATION *(Continued)*

For the year ended 31 March 2020

Amounts included in the measurement of segment profit or loss or segment assets are as follows:

	Equine services	Financial services	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Impairment losses recognised in respect of				
– goodwill	–	(28,666)	–	(28,666)
Reversal/(provision) of allowance for expected credit loss, net				
– advances to customers in margin financing	–	1,522	–	1,522
– trade receivables	(326)	–	–	(326)
– loan receivables	–	6,450	–	6,450
Depreciation of				
– property, plant and equipment	(3,156)	(1,321)	(700)	(5,177)
– right-of-use assets	(991)	(242)	(1,010)	(2,243)
Amortisation of intangible assets	(164)	–	–	(164)
Net foreign exchange loss	(9,252)	(9)	(148)	(9,409)
Finance cost	(60)	(20)	(26,649)	(26,729)
Fair value change of biological assets	(8,102)	–	–	(8,102)
Addition to property, plant and equipment	165	138	2,594	2,897
Addition to right-of-use assets	–	–	5,193	5,193

As at 31 March 2020

	Equine services	Financial services	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	66,638	477,823	14,149	558,610
Segment liabilities	19,048	211,674	217,324	448,046

8. SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenues from transactions with external customers accounting for 10% or more of the Group's total revenue are as follows:

	2021 HK$'000	2020 HK$'000
Customer A	N/A[1]	13,710
Customer B	N/A[1]	11,700

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

Geographical analysis

The Group's operations are principally located in Hong Kong and Australia. The following table provides an analysis of the Group's revenue by geographical location of the operations:

	2021 HK$'000	2020 HK$'000
Hong Kong	41,725	71,630
Australia	21,999	26,443
	63,724	98,073

The following table provides an analysis of the Group's non-current assets other than financial instruments by reference to the geographical area in which they are located:

	2021 HK$'000	2020 HK$'000
Hong Kong	9,145	26,600
Australia	48,591	54,944
	57,736	81,544

9. OTHER OPERATING INCOME

	2021 HK$'000	2020 HK$'000
Bank interest	**87**	367
Prize money from race horses	**139**	295
Sundry income	**598**	216
Imputed interest income on rental deposit	**58**	33
Government grant *(Note)*	**2,691**	–
Bad debt recovered	**32**	–
	3,605	911

Note: During the year ended 31 March 2021, the Group recognised government grants of approximately HK$2,134,000 in respect of COVID-19 related subsidies provided by Hong Kong government. There were no unfulfilled conditions or contingencies relating to these government grants.

10. REVERSAL/(PROVISION) OF ALLOWANCE FOR EXPECTED CREDIT LOSS

	2021 HK$'000	2020 HK$'000
Reversal/(provision) of allowance for expected credit loss, net:		
– Advances to customers in margin financing	**(685)**	1,522
– Trade receivables	**2,251**	(326)
– Loan receivables	**23,564**	6,450
	25,130	7,646

11. OTHER GAINS AND LOSSES

	2021 HK$'000	2020 HK$'000
Impairment loss recognised in respect of:		
– Goodwill	**18,429**	28,666
– Intangible asset	**264**	–
Loss on early redemption for promissory notes *(Note 35)*	**10,181**	–
Net foreign exchange (gain)/loss	**(258)**	9,409
	28,616	38,075

12. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Effective interest expense on medium-term bonds	**1,227**	3,594
Effective interest expense on promissory notes	**18,806**	22,709
Interest on lease liabilities	**494**	426
	20,527	26,729

13. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2021 HK$'000	2020 HK$'000
Direct costs:		
– Cost of bloodstock sold	**–**	4,571
– Cost of stud farm	**1,903**	850
– Fee and charges of securities brokerage	**4,489**	1,244
Sub-total	**6,392**	6,665
Employee benefit expenses (including directors' remuneration):		
– Directors' emoluments	**4,522**	4,216
– Salaries and other benefits	**23,580**	24,144
– Retirement benefit scheme contributions	**1,447**	1,360
Sub-total	**29,549**	29,720
Auditors' remuneration for:		
– Audit services	**1,100**	1,600
– Non-audit services	**100**	100
Sub-total	**1,200**	1,700
Amortisation of intangible asset	**188**	164
Depreciation of property, plant and equipment	**4,017**	5,177
Depreciation of right-of-use assets	**2,475**	2,243
Loss on written off of property, plant and equipment	**3,100**	–

14. INCOME TAX EXPENSE

	2021 *HK$'000*	2020 *HK$'000*
Current tax:		
– Hong Kong Profits Tax	**1,985**	189
Under-provision in prior years:		
– Hong Kong Profits Tax	**2,491**	69
Income tax expense	**4,476**	258

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Taxation arising in other jurisdictions in which the Group operates is calculated on the estimated assessable profits for the year at the rates prevailing in the relevant jurisdictions.

Income tax expense for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss as follows:

	2021 *HK$'000*	2020 *HK$'000*
Loss before taxation	**(57,452)**	(60,227)
Tax credit at the Hong Kong Profits Tax rate of 16.5%	**(9,480)**	(9,937)
Tax effect of income not taxable for tax purposes	**(457)**	(2,085)
Tax effect of expenses not deductible for tax purposes	**8,516**	9,986
Tax effect of different tax rates for subsidiaries operating in other jurisdictions	**(2,539)**	(2,994)
Under-provision in prior years	**2,491**	69
Tax effect of tax losses not recognised	**8,513**	10,233
Utilisation of tax losses previously not recognised	**(2,393)**	(4,829)
One-off tax reduction of Hong Kong Profit Tax by Inland Revenue Department	**(10)**	(20)
Tax relief on 8.25% on first HK$2 million of assessable profits	**(165)**	(165)
Income tax expense	**4,476**	258

15. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' emoluments

The emoluments paid or payable to each director for the years ended 31 March 2021 and 2020 were as follows:

	Director fee		Salaries and other benefits		Retirement benefits scheme contributions		Share option granted		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Executive directors *(Note)*										
Mr. Cheng Ting Kong	**–**	–	**430**	430	**18**	18	**–**	–	**448**	448
Ms. Cheng Mei Ching	**–**	–	**1,806**	1,740	**18**	18	**–**	–	**1,824**	1,758
Mr. Lui Man Wah	**–**	–	**1,872**	1,632	**18**	18	**–**	–	**1,890**	1,650
	–	–	**4,108**	3,802	**54**	54	**–**	–	**4,162**	3,856
Independent non-executive directors										
Mr. Chan Tin Lup, Trevor	**120**	120	**–**	–	**–**	–	**–**	–	**120**	120
Mr. Tou Kin Chuen	**120**	120	**–**	–	**–**	–	**–**	–	**120**	120
Mr. Jim Ka Shun	**120**	120	**–**	–	**–**	–	**–**	–	**120**	120
	360	360	**–**	–	**–**	–	**–**	–	**360**	360
Total	**360**	360	**4,108**	3,802	**54**	54	**–**	–	**4,522**	4,216

Note: The executive directors were also the key management personnel of the Group.

15. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(b) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, two (2020: two) were directors of the Company whose emoluments are included in (a) above. The emoluments of the remaining three (2020: three) individuals were as follows:

	2021	2020
	HK$'000	*HK$'000*
Salaries and other benefit	**2,659**	2,587
Retirement benefit scheme contributions	**54**	54
	2,713	2,641

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2021	2020
Nil – HK$1,000,000	**2**	2
HK$1,000,001 – HK$1,500,000	**1**	1
	3	3

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

There was no arrangement under which the directors and five highest paid individuals waived or agreed to waive any remuneration during both years.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

16. DIVIDEND

No dividend was paid or proposed by the board of directors of the Company for the year ended 31 March 2021 (2020: HK$Nil).

17. LOSS PER SHARE

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

	2021	2020
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(61,928)**	(60,485)

	2021	2020
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**2,171,732**	1,983,597

In calculating diluted loss per share, no adjustment was made in respect of the share options outstanding for both years as these share options were anti-dilutive for both years.

18. INTANGIBLE ASSETS

	Trading right *(Note a)* *HK$'000*	Breeding right *(Note b)* *HK$'000*	Total *HK$'000*
Cost			
At 1 April 2019	500	2,391	2,891
Foreign currency realignment	–	(354)	(354)
At 31 March 2020 and 1 April 2020	**500**	**2,037**	**2,537**
Foreign currency realignment	**–**	**494**	**494**
At 31 March 2021	**500**	**2,531**	**3,031**
Accumulated amortisation and impairment loss			
At 1 April 2019	–	1,367	1,367
Charge for the year	–	164	164
Foreign currency realignment	–	(225)	(225)
At 31 March 2020 and 1 April 2020	**–**	**1,306**	**1,306**
Charge for the year	**–**	**188**	**188**
Impairment loss recognised during the year	**–**	**264**	**264**
Foreign currency realignment	**–**	**345**	**345**
At 31 March 2021	**–**	**2,103**	**2,103**
Carrying amount			
At 31 March 2021	**500**	**428**	**928**
At 31 March 2020	500	731	1,231

Notes:

(a) The Group's eligibility rights to trade on or through the Stock Exchange and the Hong Kong Futures Exchange Limited at carrying amount of HK$500,000 is considered to have indefinite useful lives, accordingly it is not amortised.

(b) Golden Horn (GB) – Syndicated Breeding Rights, were purchased on the 9 December 2015, at a price of GBP200,000, which amounted to approximately AUD427,000 at date of purchase. At the date of purchase the stallion was 4 years old and it was estimated that a stallion would serve until 20 years old. In prudence, the management has estimated its useful life to be 10 years.

18. INTANGIBLE ASSETS *(Continued)*

Impairment testing of breeding rights

During the year ended 31 March 2021, the directors appointed an independent qualified professional valuer to perform the valuation and determined that the recoverable amount, which was less than (2020: in excess of) the carrying amount, of breeding right of Golden Holden (GB) amounted to approximately GBP40,000 (equivalent to approximately HK$428,000 (2020: GBP90,000 (equivalent to approximately HK$866,000)) and hence impairment loss of HK$264,000 (2020: HK$nil) was recognised for the year ended 31 March 2021.

The fair value of breeding right was measured based on Level 3 hierarchy by using income approach with reference to the service fee, progeny's sales, performance in the last 12 months and the exposure rate.

Impairment testing on trading right

The carrying amount of intangible assets of trading right is allocated to the following cash generating unit:

	Brokerage business *HK$'000*
Carrying amount of trading right	500

The trading right held by the Group is considered by the directors as having indefinite useful lives because it is expected to contribute net cash inflows indefinite. The trading right will not be amortised until their useful life is determined to be definite and have an expiry date.

Particulars of the impairment testing on the trading right allocated to brokerage business are disclosed in note 19 to the consolidated financial statements.

19. GOODWILL

	HK$'000
Cost	
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	56,038
Accumulated impairment loss	
At 1 April 2019	8,943
Impairment loss recognised in the year	28,666
At 31 March 2020 and 1 April 2020	**37,609**
Impairment loss recognised in the year	**18,429**
At 31 March 2021	**56,038**
Carrying amount	
At 31 March 2021	**–**
At 31 March 2020	18,429

Impairment testing of goodwill

For the purpose of impairment testing, goodwill has been allocated to the following CGUs. The carrying amounts of goodwill (net of accumulated impairment losses) as at the end of the reporting period are allocated as follows:

	2021 *HK$'000*	2020 *HK$'000*
Securities brokerage and asset management business	**–**	18,429
Money lending business	**–**	–
	–	18,429

19. GOODWILL *(Continued)*

Securities brokerage and asset management business

The goodwill of securities brokerage and asset management business arose from acquisition of subsidiaries by the Group of (i) Sun International Securities Limited, a company incorporated in Hong Kong with limited liability and a licenced corporation under the SFO to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities as defined under the SFO ("Sun Securities") and (ii) Sun International Asset Management Limited, a company incorporated in Hong Kong with limited liability and a licenced corporation under the SFO to carry on type 4 (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities as defined under the SFO ("Sun Asset Management"). The recoverable amount of securities brokerage and asset management business CGU under the financial services segment was determined based on a value-in-use calculation and used cash flow projections based on financial budgets approved by the directors of the Company with reliance on the valuation performed by an independent valuer covering a five-year period and pre-tax discount rate of 11.11% (2020: 11.46%) per annum. Cash flows beyond that five-year period have been extrapolated at 3% (2020: 3%) growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Key assumptions used in the preparation of the financial budgets included revenue and gross margins during the five-year projections period which were determined by the directors of the Company based on past performance and its expectations for market development. The values assigned to key assumptions were based on historical experience, current market condition and approved forecasts and consistent with external information sources. Due to the outbreak of the COVID-19, the directors of the Company considered that the global economic growth were expected to be slow down. Therefore, the directors of the Company are of the opinion to be more prudent on the forecasted performances of the Group's securities brokerage and asset management business. Therefore, the directors of the Company reduced the financial budgeted revenue estimation, which caused the carrying amount of the securities brokerage and asset management business CGU to exceed its value-in-use on cash flow projections as at 31 March 2021. Accordingly, an impairment loss of approximately HK$18,429,000 (2020: HK$28,666,000) was recognised in respect of the goodwill allocated to securities brokerage and asset management business CGU during the year ended 31 March 2021.

Money lending business

The goodwill of money lending business arose from acquisition of Sun International Credit Limited and Sun Finance Company Limited ("Sun Finance"), companies incorporated in Hong Kong with limited liability and licenced money lenders under the Money Lender Licence Ordinance and engaged in money lending business.

20. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings *HK$'000*	Leasehold improvement *HK$'000*	Farm & Vet equipment *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Yacht *HK$'000*	Total *HK$'000*
Cost							
At 1 April 2019	24,449	6,942	22,953	3,912	3,036	30,128	91,420
Additions	–	2,232	–	665	–	–	2,897
Foreign currency realignment	(4,563)	–	(2,792)	(146)	(287)	–	(7,788)
At 31 March 2020 and 1 April 2020	**19,886**	**9,174**	**20,161**	**4,431**	**2,749**	**30,128**	**86,529**
Additions	**–**	**3,829**	**–**	**968**	**–**	**–**	**4,797**
Written off	**–**	**(1,483)**	**(8,146)**	**(1,240)**	**–**	**–**	**(10,869)**
Transfer to investment properties	**(24,703)**	**–**	**(16,377)**	**–**	**–**	**–**	**(41,080)**
Foreign currency realignment	**4,817**	**–**	**4,362**	**148**	**416**	**–**	**9,743**
At 31 March 2021	**–**	**11,520**	**–**	**4,307**	**3,165**	**30,128**	**49,120**
Accumulated depreciation and impairment loss							
At 1 April 2019	3,612	5,533	5,151	2,613	1,742	30,128	48,779
Charge for the year	556	845	2,027	1,192	557	–	5,177
Foreign currency realignment	(748)	–	(839)	(107)	(181)	–	(1,875)
At 31 March 2020 and 1 April 2020	**3,420**	**6,378**	**6,339**	**3,698**	**2,118**	**30,128**	**52,081**
Charge for the year	**580**	**1,480**	**1,072**	**599**	**286**	**–**	**4,017**
Written off	**–**	**(1,134)**	**(5,703)**	**(932)**	**–**	**–**	**(7,769)**
Transfer to investment properties	**(4,866)**	**–**	**(2,947)**	**–**	**–**	**–**	**(7,813)**
Foreign currency realignment	**866**	**–**	**1,239**	**110**	**293**	**–**	**2,508**
At 31 March 2021	**–**	**6,724**	**–**	**3,475**	**2,697**	**30,128**	**43,024**
Carrying amount							
At 31 March 2021	**–**	**4,796**	**–**	**832**	**468**	**–**	**6,096**
At 31 March 2020	16,466	2,796	13,822	733	631	–	34,448

At 31 March 2021, the Group's interests in buildings with carrying amount of approximately HK$nil (2020: HK$16,466,000) are situated on freehold land and located in Australia.

21. RIGHT-OF-USE ASSETS

	Leased properties *HK$'000*
At 1 April 2019	
Carrying amount	1,902
Additions	5,193
Depreciation charge for the year	(2,243)
Foreign currency realignment	(104)
At 31 March 2020 and 1 April 2020	
Carrying amount	**4,748**
Additions	**673**
Depreciation charge for the year	**(2,475)**
Foreign currency realignment	**72**
At 31 March 2021	
Carrying amount	**3,018**

	2021 ***HK$'000***	2020 *HK$'000*
Expenses relating to short-term lease and other lease terms end within 12 months	**877**	9,962
Total cash outflows for leases	**3,818**	12,112

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

As at 31 March 2021 and 2020, the Group did not enter into new leases that have not yet commenced.

22. INVESTMENT PROPERTIES

On 31 March 2021, the Group leased out certain land and farm in Australia under operating leases with rentals receivable of approximately HK$1,770,000 per annum to a party which to the directors of the Company's best knowledge, information, believe and having made all reasonable enquires, was an independent third party to the Group. The property, plant and equipment with carrying amount of approximately HK$33,267,000 was transferred to investment properties and the gain on change in fair value upon transfer of previously self-occupied properties to investment properties, net of tax of approximately HK$4,412,000 is recognised in the property revaluation reserve in the consolidated statement of changes in equity. The leases run for a period of five years and do not contain the unilateral rights to extend the lease at the end of the leases.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	HK$'000
Fair value	
At 1 April 2020	–
Transfer from property, plant and equipment	43,240
At 31 March 2021	43,240

The Group's investment properties are situated on freehold land and located in Australia.

	Fair value measurement categorised into			
	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2021				
Recurring fair value measurement				
Investment properties located outside Hong Kong	–	–	43,240	43,240

During the years ended 31 March 2021 and 2020, there were no transfers between Levels 1 and 2, or transfers into or out of Level 3.

22. INVESTMENT PROPERTIES *(Continued)*

The fair value of the Group's investment properties as at 31 March 2021 has been arrived at on the basis of a valuation carried out by independent qualified professional valuers not connected to the Group.

At the end of the reporting period, the management of the Group discussed with the independent qualified professional valuers about the appropriate valuation techniques and key inputs for Level 3 fair value measurements.

The fair value investment properties was determined at the end of each reporting period based on its market value and by adopting direct comparison method. Direct comparison method assumes the property is capable of being sold in its existing state with the benefit of vacant possession and by making reference to comparable property sales evidence as available in the relevant markets on a price per hectare basis. The market price per hectare is positively correlated to the fair value measurement.

Investment properties held by the Group	Fair value 2021 *HK$'000*	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Sensitivity
Investment properties					
– Farmland	43,230	Level 3	Direct comparison approach	Market price of AUD32,500/ hectare	The higher market price, the higher fair value, and vice versa

If the market price is 5% higher or lower, the fair value of the investment properties would increase or decrease by AUD300,000 (equivalent to approximately HK$1,777,000) respectively.

23. OTHER ASSETS

	2021 *HK$'000*	2020 *HK$'000*
At cost:		
Deposits with the Stock Exchange:		
Compensation fund	**50**	50
Fidelity fund	**50**	50
Stamp duty	**30**	30
Contributions to the Central Clearing and Settlement System Guarantee Fund	**50**	50
Admission fees paid to Hong Kong Securities Clearing Company Limited	**50**	50
	230	230

24. BIOLOGICAL ASSETS

A subsidiary of the Group is holding quality stallions and provides horse breeding services in Australia, and another subsidiary of the Group is engaged in the rearing of bloodstocks for trading and racing in Australia. The quantity and value of stallions and bloodstocks owned by the Group at the end of the reporting period are shown below.

	2021		2020	
	No. of horses	***HK$'000***	*No. of horses*	*HK$'000*
Current assets				
Bloodstocks				
– Colts	1	–	1	17
Non-current assets				
Stallions	11	4,454	11	22,688
Total biological asset, at fair value	12	4,454	12	22,705

Stallions represent adult male horses that have not been castrated and are held for breeding purpose. Stallions are classified as non-current assets as the Group has no intention to sell these stallions in the foreseeable future.

Bloodstocks represent thoroughbred racing horses held primarily for trading purpose and are classified as current assets.

No (2020: Nil) live foals were born during the year and there is no other output of agricultural products (2020: Nil) during the year.

24. BIOLOGICAL ASSETS *(Continued)*

The movements in value of stallions and bloodstocks during the reporting period were:

	2021 Bloodstocks *HK$'000*	2020 Bloodstocks *HK$'000*	**2021 Stallions *HK$'000***	2020 Stallions *HK$'000*
At the beginning of the reporting period at fair value	**17**	47	**22,688**	35,083
Foreign currency realignment	**3**	(4)	**4,070**	(4,179)
Net (loss)/gain in fair value change	**(20)**	13	**(22,304)**	(8,115)
Decrease due to sales	**–**	(39)	**–**	(101)
At the end of reporting period at fair value	**–**	17	**4,454**	22,688

Financial risk management strategies

The biological assets are exposed to domestic, disease and other nature risks, the Group engages an external veterinarian hospital to provide professional veterinarian services to the Group's biological assets to minimise the risk and take care on the health of horses. Depending on the emergency, the veterinarian arrives at the farm around 10–45 minutes, or delivery to veterinarian hospital within 15–30 minutes.

The biological insurance coverage for 9 stallions (2020: 11 stallions), for the year is approximately AUD7,040,000 (2020: AUD10,360,000), which is covered 936.2% (2020: 217.7%) of their book values.

In the opinion of directors, the above policies are effective and sufficient against the financial risk arising from biological assets. There is no restriction on the title of biological assets owned by the Group and there is no commitment for acquisition of additional biological assets at the end of reporting period. The management is regularly reviewing the portfolio of biological assets to maximize the return. The fair value of the biological assets measured at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair Value Measurement*. The biological assets of the Group are classified as level 3 under the fair value hierarchy. During the years ended 31 March 2021 and 2020, there were no transfers between Levels 1 and 2, or transfers into or out of Level 3.

24. BIOLOGICAL ASSETS *(Continued)*

Financial risk management strategies *(Continued)*

The level into which a fair value measurement classified is determined with reference to the observability and significance of the inputs used in the valuation technique, which are set out below:

Bloodstocks

The qualification of valuer

As at 31 March 2020, the Group's bloodstocks were independently valued by Magic Millions Sales Pty Limited ("Magic Millions"), which is an Australia's leading bloodstock sales company, a major market place and key actor of the global horse economy. The professional valuer in charge of this valuation is Mr. Clint DONOVAN, Bloodstock Manager of Magic Millions, who has appropriate qualification and relevant experiences in various appraisal assignments involving biological assets and has worked in the industry of thoroughbred bloodstock and provides regular bloodstock valuations in Australia. In addition, this valuation report has been consulted with the following experts:

– James DAWSON (Magic Millions' Bloodstock Consultant)

– Ben CULHAM (Magic Millions' Bloodstock Consultant)

– Chrisopher FARRELL (Magic Millions' Bloodstock Consultant)

All experts are full time members of the bloodstock department of Magic Millions, the leading bloodstock trading company in Australia, and members of the Federation of Bloodstock Agents Australia Limited. Magic Millions through its experts, has conducted a number of yearly stock valuations for major global and domestic bloodstock entities.

The valuation methodologies adopted are consistent with those described in accounting standards HKAS 41 *Agriculture* and HKFRS 13.

Based on the above qualification, history and various experiences of Magic Millions, the directors of the Company are of the view that Magic Millions is competent to determine the fair value of the Group's bloodstocks.

Valuation methodology of bloodstocks

In the process of valuing the biological assets, Magic Millions has taken into consideration the nature and specialty of the above bloodstocks and considered that the market approach would be appropriate and reasonable in the valuation of the fair value less costs to sell of the bloodstocks by making reference to the requirement of HKAS 41 and HKFRS 13.

24. BIOLOGICAL ASSETS *(Continued)*

Bloodstocks *(Continued)*

Valuation of bloodstocks (including Mares, Colts, Geldings and Fillies)

The valuations are arrived at based on market approach to estimate the fair market value of the biological assets. In determining the fair market value, the valuer has had regard to the price that a buyer could be reasonably be expected to pay and a seller could reasonably be expected to accept if the assets were exposed for sales on the open market for a reasonable period of time with both buyer and seller being in possession of the pertinent facts and neither being under and compulsion to act.

Where available, publicly observable information has been used to the maximum extent possible in deriving valuations. In the absence of such information, or where such observable information is believed not to derive a fair value measurement at measurement date, the valuer has adopted valuation techniques with inputs that valuer believes are reasonably based.

With respect to the valuation of horses, the valuer adopted a stand-alone basis of valuation. In this regard, each horse is valued having regard to the price that the horse could be realised for at auction less the costs of disposal. Such valuations are determined by considering large number of qualitative and quantitative factors which including:

1. The economic outlook in general and the condition and outlook of the specific industry in particular.
2. The nature of the asset.
3. The earning capacity of an asset.
4. The residual value for breeding of an asset.
5. The age of the asset.
6. The market price of in the same or a similar line of business having their stocks actively traded in a free and open market.
7. Based on circumstances unique, additional factors have been considered.

These factors vary for each valuation depending on the unique circumstances of the general economic conditions that exist at the effective date of the valuation.

In the rare event that a market-based value cannot be derived, initial cost of acquisition may be used to approximate fair value, particularly where the horse was acquired within the past year.

24. BIOLOGICAL ASSETS *(Continued)*

Bloodstocks *(Continued)*

Valuation technique and major inputs

Breeding Stock

Valuation of broodmares takes into account the age of the individual, its race record and if applicable its cover status and its progeny record, both commercially and on the track. Magic Millions watched as well the last price it was sold for in the scenario the individual had been exposed to a public market in recent years. As well as they may compare this profile to a similar profile that went through public auction in the past year.

Weanlings and Foals

Valuation of weanlings and foals takes into account the assessment of market trends, the depth of the pedigree of the individual (i.e. the black type performances through the female line), the race record and the age of the first dam, and if applicable the progeny record of the first dam as well as the stallion's commercial trends.

Yearlings

Valuation of yearlings takes into account the assessment of market trends, the depth of the pedigree of the individual (i.e. the black type performances through the female line), the race record and the age of the first dam, and if applicable the progeny record of the first dam as well as the stallion's commercial trends.

Racing Stock

Valuation of racing stock takes into account the assessment of market trends, the race record of the individual and if applicable its breeding residual value. In the scenario the individual is still at a young age and hasn't been exposed to races or trials, Magic Millions base their valuation on the public auction price at the yearling stage, or an assessment of the value the individual would have possibly made if it was exposed to a public market at the yearling stage.

As the valuation results of bloodstocks are subjective based on the experiences of Magic Millions and current market conditions which are unable to be quantitatively measured, accordingly, the directors of the Company consider that no sensitivity analysis is presented.

Stallions

The fair value of each stallions was individually determined at the end of each reporting period based on an income approach and used cash flow projections based on historical service fees income of the stallions and also takes into account the stallion's prior activity, its useful live average live foal ratio, fertility percentage, its progeny racetrack and sales results. The directors of the Company with reliance on the valuation performed by an independent professional valuer depending on the age of the stallions and pre-tax discount rate of 33.54% (2020: 27.25%) per annum.

24. BIOLOGICAL ASSETS *(Continued)*

Stallions *(Continued)*

The following table sets forth the Group's shareholding of the stallions:

	2021	2020
	%	%
Stallion A	**100.0**	100.0
Stallion B	**96.0**	96.0
Stallion C	**90.0**	90.0
Stallion D	**87.5**	87.5
Stallion E	**50.0**	50.0
Stallion F	**48.0**	48.0
Stallion G	**36.0**	36.0
Stallion H	**30.0**	30.0
Stallion I	**25.0**	25.0
Stallion J	**15.0**	15.0
Stallion K	**2.1**	2.1

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the service fee is 10% higher or lower, the fair value of the stallions would increase approximately AUD161,000 (equivalent to approximately HK$954,000) (2020: AUD485,000 (equivalent to approximately HK$2,313,000)) or decrease approximately AUD154,000 (equivalent to approximately HK$912,000) (2020: AUD470,000 (equivalent to approximately HK$2,241,000)) respectively.

If the useful live is increase or decrease by 1 year, the fair value of the stallions would increase approximately AUD83,000 (equivalent to approximately HK$492,000) (2020: AUD384,000 (equivalent to approximately HK$1,831,000)) or decrease approximately AUD119,000 (equivalent to approximately HK$705,000) (2020: AUD390,000 (equivalent to approximately HK$1,860,000)) respectively.

If the average live foal ratio is 10% higher or lower, the fair value of the stallions would increase approximately AUD161,000 (equivalent to approximately HK$954,000) (2020: AUD597,000 (equivalent to approximately HK$2,847,000)) or decrease approximately AUD147,000 (equivalent to approximately HK$871,000) (2020: AUD586,000 (equivalent to approximately HK$2,794,000)) respectively.

24. BIOLOGICAL ASSETS *(Continued)*

Stallions *(Continued)*

If the fertility percentage is 10% higher or lower, the fair value of the stallions would increase approximately AUD323,000 (equivalent to approximately HK$1,913,000) (2020: AUD3,210,000 (equivalent to approximately HK$15,306,000)) or decrease approximately AUD305,000 (equivalent to approximately HK$1,807,000) (2020: AUD1,867,000 (equivalent to approximately HK$8,903,000)) respectively.

If the discount rate is 10% higher or lower, the fair value of the stallion would decrease approximately AUD25,000 (equivalent to approximately HK$148,000) (2020: AUD196,000 (equivalent to approximately HK$935,000)) or increase approximately AUD28,000 (equivalent to approximately HK$166,000) (2020: AUD212,000 (equivalent to approximately HK$1,011,000)) respectively.

25. LOAN RECEIVABLES

The exposure of the Group's loan receivables, net of impairment, to their contractual maturity dates are as follows:

	2021 HK$'000	2020 HK$'000
Within one year	**21,221**	26,214
In more than one year but not more than two years	**3,716**	4,783
In more than two years but not more than five years	**3,847**	6,918
	28,784	37,915
Less: amount classified as current assets	**(21,221)**	(26,214)
Non-current assets	**7,563**	11,701

The grants of these loans were approved and monitored by the Group's management and directors.

All loan receivables are denominated in HK$. The loan receivables carry effective interest ranging from 12% to 30% per annum (2020: 24% to 48% per annum).

The carrying amount of loan receivables as at 31 March 2021 is arrived at after deducting accumulated impairment losses of approximately HK$7,584,000 (2020: HK$35,762,000).

As at 31 March 2021, included in the Group's loan receivables balances are debtors with an aggregate carrying amount of approximately HK$nil (2020: HK$748,000) which were past due as at the end of the reporting period. In the event that an instalment repayment of a loan receivable is past due, the entire outstanding balances of the loan receivables are deemed as past due.

25. LOAN RECEIVABLES *(Continued)*

The following table shows the movement in allowance for credit losses that has been recognised for loan receivables.

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2019	3,679	38,689	42,368
Movement during the year	1,417	(7,867)	(6,450)
Written-off	–	(156)	(156)
At 31 March 2020 and 1 April 2020	**5,096**	**30,666**	**35,762**
Movement during the year	**2,415**	**(25,979)**	**(23,564)**
Written-off	**–**	**(4,614)**	**(4,614)**
At 31 March 2021	**7,511**	**73**	**7,584**

As at 31 March 2020, the Group had loan and interest receivables from a customer ("Borrower B") with gross carrying amount of approximately HK$36,110,000 and loss allowance of approximately HK$28,022,000. The Group had entered into a deed of settlement with Borrower B on 11 September 2018 pursuant to which Borrower B shall make full repayment of the outstanding loans and interests and the interests accrued thereon, which were overdue for repayment, by monthly instalments of HK$2,500,000. Details of the deed of settlement are set out in the announcement of the Company dated 11 September 2018. Borrower B had settled his loan receivable in full by cash of approximately HK$33,686,000 during the year ended 31 March 2021.

The Group writes off loan receivables where there is information indicating that the debtor is severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

25. LOAN RECEIVABLES *(Continued)*

As at 31 March 2019, the Group had loan and interest receivables due from a customer ("Borrower C") of approximately HK$32,146,000 which was overdue. The Group entered into a disposal agreement on 14 February 2019 in respect of the disposal of the loan and interest receivables due from Borrower C to an entity ultimately wholly-owned by Mr. Cheng (the "Disposal"). The consideration of the Disposal was settled by setting off certain principal amounts of promissory notes and interest expenses accrued thereon of certain promissory notes up to 31 December 2018 with carrying amount of approximately HK$31,801,000. Details of the Disposal are set out in the announcements of the Company dated 14 February 2019 and 24 June 2019 (the "Announcements") and the circular of the Company dated 6 June 2019 (the "Circular").

	2021	2020
	HK$'000	*HK$'000*
Analysis of loan receivables by types of collateral:		
Share charges	**16,016**	15,847
Second legal charged properties	**12,118**	12,426
Personal guarantees	**–**	747
Unsecured	**650**	8,895
	28,784	37,915

26. TRADE RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**4,327**	5,601
Less: allowance for expected credit losses	**(3,821)**	(5,004)
	506	597
Accounts receivables from brokers, dealers and clearing house	**18,964**	36,915
	19,470	37,512

Accounts receivables from brokers, dealers and clearing house are due and settled on two business days after the trade date and denominated in HK$. Therefore, no aging analysis is disclosed.

26. TRADE RECEIVABLES *(Continued)*

The following is an aging analysis of trade receivables (excluding accounts receivables from brokers, dealers and clearing house) net of allowance for expected credit losses, presented based on invoice date, at the end of the reporting period:

	2021	2020
	HK$'000	*HK$'000*
Within 30 days	**385**	584
31–60 days	**121**	13
	506	597

The average credit period on the trade receivables is 30–90 days. The carrying amounts of the trade receivables are mainly denominated in HK$ and AUD. The age of trade receivables which are overdue but not impaired was as follows:

	2021	2020
	HK$'000	*HK$'000*
Overdue within 30 days	**121**	504

These balances related to a number of customers that have good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

26. TRADE RECEIVABLES *(Continued)*

The following table shows the movement in allowance for credit losses that has been recognised for trade receivables under the simplified approach:

	Lifetime ECL (not credit-impaired) *HK$'000*	Lifetime ECL (credit-impaired) *HK$'000*	Total *HK$'000*
At 1 April 2019	479	5,027	5,506
Movement during the year	198	128	326
Foreign currency realignment	(305)	(523)	(828)
At 31 March 2020 and 1 April 2020	**372**	**4,632**	**5,004**
Movement during the year	**(174)**	**(2,077)**	**(2,251)**
Foreign currency realignment	**79**	**989**	**1,068**
At 31 March 2021	**277**	**3,544**	**3,821**

27. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	2021 ***HK$'000***	2020 *HK$'000*
Advances to margin customers	**56,526**	83,561
Less: allowance for expected credit losses	**(1,502)**	(817)
	55,024	82,744

The credit facility limits to margin customers are determined by reference to the discounted market value of the collateral securities accepted by the Group.

All advances to margin customers are denominated in HK$. The advances to customers in margin financing carry effective interest ranging from 5% to 30% per annum (2020: 5% to 36% per annum).

The advances to margin customers are secured by the underlying pledged securities and interest bearing. The Group maintains a list of approved stocks for margin financing at a specified loan to collateral ratio. Any excess in the lending ratio will trigger a margin call which the customers have to make good the shortfall.

As at 31 March 2021, advances to customers of aggregate gross carrying amount of approximately HK$56,526,000 (2020: HK$83,561,000) were secured by securities pledged by the customers to the Group as collateral with undiscounted market value of approximately HK$299,468,000 (2020: HK$1,072,091,000).

27. ADVANCES TO CUSTOMERS IN MARGIN FINANCING *(Continued)*

The advances to customers in margin financing have been reviewed by management to assess allowance for credit losses which are based on the evaluation of collectability, aging analysis of accounts and on management's judgment, including the current creditworthiness and the past collection statistics of individual account. Allowance for expected credit losses of approximately HK$685,000 (2020: reversal of HK$1,522,000) was provided during the year ended 31 March 2021.

The following table shows the movement in allowance for credit losses that has been recognised for advances to customers in margin financing:

	12m ECL
	HK$'000
At 1 April 2019	2,339
Movement during the year	(1,522)
At 31 March 2020 and 1 April 2020	**817**
Movement during the year	**685**
At 31 March 2021	**1,502**

28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Prepayments	**1,528**	1,502
Deposits	**710**	6,898
Other receivables	**944**	2,813
	3,182	11,213

29. CASH AND CASH EQUIVALENTS

The carrying amounts of the Group's bank balances and cash are denominated in the following currencies:

	2021 HK$'000	2020 HK$'000
HK$	**82,474**	100,408
AUD	**15,482**	8,551
US$	**8,543**	1,153
Renminbi ("RMB")	**35**	32
British Pound ("GBP")	**53**	48
Others	**339**	314
	106,926	110,506

Bank balances carry interest at floating rates and placed with creditworthy banks and financial institution with no recent history of default.

RMB is not a freely convertible currency in the PRC and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group's cash and cash equivalents denominated in RMB of approximately RMB35,000 (2020: RMB32,000) located in Hong Kong which are not subject to the foreign exchange control.

30. CASH HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated trust accounts with authorised institutions 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 (note 31) to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

	2021 HK$'000	2020 HK$'000
Cash held on behalf of customers		
– HK$	**118,643**	194,368
– RMB	**73**	68
– US$	**610**	19
	119,326	194,455

31. TRADE PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables	**432**	2,292
Accounts payables to clients and clearing house	**126,621**	205,847
	127,053	208,139

Majority of the accounts payables to clients are repayable on demand except where certain accounts payables to clients represent deposits received from clients for their securities trading activities under normal course of business. Only the excess amounts over the required margin deposits are repayable on demand.

Accounts payables to clients and clearing house include those payables placed in trust accounts with authorised institutions of approximately HK$119,326,000 (2020: HK$194,455,000), placed in securities and futures dealers of approximately HK$8,528,000 (2020: HK$Nil) and amount due to clearing house of approximately HK$666,000 (2020: HK$Nil). Amount due from clearing house of approximately HK$28,535,000 has been offset against a corresponding amount due to the clearing house (2020: Amount due to clearing house of approximately HK$11,257,000 has been offset against a corresponding amount due from the clearing house).

No aging analysis for accounts payables to clients and clearing house is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

The Group has a practice to satisfy all the requests for payments immediately within the credit period.

Except for the accounts payables to clients which bear interest at 0.001% per annum as at 31 March 2021 (2020: 0.001%), all the trade payables are non-interest bearing.

The following is an aging analysis of trade payables (excluding accounts payables to clients and clearing house), presented based on invoice date, at the end of reporting period:

	2021 HK$'000	2020 HK$'000
Within 30 days	**225**	1,965
31–90 days	**154**	302
91–120 days	**53**	25
	432	2,292

31. TRADE PAYABLES *(Continued)*

The average credit period on trade payables is 90 days (2020: 90 days). The Group has financial risk management policies in place to ensure all payables are settled within the credit period.

32. ACCRUALS AND OTHER PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Accruals	**21,578**	18,230
Other payables	**2,590**	2,676
Interest payables *(Note i)*	**–**	1,877
Provision for reinstatement cost	**3,863**	–
Provision for long service payment and annual leave	**1,485**	1,283
	29,516	24,066

Note:

(i) Pursuant to the Resolutions, interest expenses accrued of certain promissory notes up to 31 December 2018 with carrying amount of approximately HK$24,021,000 and HK$4,732,000 were set off against consideration of the Disposal (as defined in Note 25) and subscription monies in relation to the Share Subscription (as defined in Note 38) respectively.

Interest expenses accrued of certain promissory notes with carrying amount of approximately HK$13,725,000 were waived and a gain on waiver of accrued interest with the same amount was recognised to the capital contribution reserve directly as it is deemed as the capital contribution from Mr. Cheng and Mr. Chau.

Details of the above transactions were set out in the Announcements and the Circular.

33. AMOUNTS DUE TO RELATED COMPANIES

The relationship with related parties are as follows:

	2021	2020
	HK$'000	*HK$'000*
Amounts due to companies which are beneficially owned and controlled by Mr. Cheng	**1,065**	847

During the year ended 31 March 2020, pursuant to the Resolutions, amounts due to related companies with approximately HK$118,979,000 was settled against subscription monies in relation to the Share Subscription (as defined in Note 38). Details of the Share Subscription and related transactions were set out in the Announcements and the Circular.

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

34. MEDIUM-TERM BONDS

	2021 HK$'000	2020 HK$'000
Medium-term bonds due:		
Within one year	–	26,569

The details of the medium-term bonds issued are set out as follows:

	Date of issue	Principal amount HK$	Nominal interest rate	Date of maturity
Bonds A	From 2 January 2015 to 5 November 2015	27,000,000	7%	From 1 January 2020 to 4 November 2020

Bonds A was issued to various independent third parties according to the approvals issued by CIS Securities Asset Management Limited.

Interest is repayable semi-annually. Issue costs are included in the carrying amount of the medium-term bonds and amortised over the tenure of the medium-term bonds using the effective interest method.

Bonds A was repaid upon mature during the years ended 31 March 2021 and 2020.

35. PROMISSORY NOTES

	2021 HK$'000	2020 HK$'000
At the beginning of the reporting period	183,333	474,917
Imputed interest *(Note 12)*	18,806	11,547
Modification of terms	–	(70,720)
Early redemption	(50,000)	–
Loss on early redemption *(Note 11)*	10,181	–
Set-off	–	(232,411)
At the end of the reporting period	162,320	183,333

The promissory notes are repayable as follows:

	2021 HK$'000	2020 HK$'000
Within one year	–	–
In the second to third year	162,320	183,333
	162,320	183,333

35. PROMISSORY NOTES *(Continued)*

Notes:

(a) The principal amount of promissory note was HK$128,695,000 and was carried at the amortised cost until settlement on 28 February 2019. The effective interest rate of the promissory note applied in the amortised cost methodology was 9.57% per annum.

The Company extended the promissory note for one month to 31 March 2019 and then further extended for another three months to 30 June 2019.

During the year ended 31 March 2020, pursuant to the Resolutions, the promissory note with principal amount of approximately HK$128,695,000 was fully set off against the subscription monies in relation to the Share Subscription (as defined in Note 38). Details of the Share Subscription and related transactions were set out in the Announcements and the Circular.

(b) On 31 January 2018, the Company issued promissory notes in aggregate principal amount of HK$378,000,000 to the vendors, which are related companies wholly-owned by Mr. Cheng, as consideration for the acquisition of Sun Finance. The promissory notes bear interest at 7% per annum and with maturity date on 31 January 2021, and freely transferable and assignable by the Company with five business days prior notice in writing to holder.

The principal amount of promissory notes finally issued was HK$378,000,000 as at the issue date and their fair value at initial recognition were determined by the directors of the Company by using the discounted cash flow approach. The promissory notes are carried at the amortised cost until settlement on the due date. The effective interest rate of the promissory notes applied in the amortised cost methodology is 8.73% per annum.

On 28 November 2018, the Company early redeemed a partial portion of the promissory notes with the carrying amount of approximately HK$24,696,000 by repaid the principal amount of HK$25,000,000.

During the year ended 31 March 2020, pursuant to the Resolutions, the promissory notes with aggregate principal amount of approximately HK$106,233,000, which had aggregate carrying amount of approximately HK$103,716,000, was set off against the consideration of the Disposal (Note 25), the subscription monies in relation to the Share Subscription (as defined in Note 38) and amount due from Sun Kingdom Pty Ltd ("Sun Kingdom"). The maturity date of the remaining promissory notes with aggregate principal amount of approximately HK$246,767,000 was extended to 31 January 2023 and the related interest accrued and to be accrued up to the maturity date were waived (the "Modification"). The remaining promissory notes is carried at amortised cost until settlement on the extended due date and the effective interest rate of the promissory notes after modification is 11.04% per annum. A gain on the set off of the promissory notes in the abovementioned transactions and the Modification of approximately HK$84,013,000 has been recognised in the capital contribution reserve as it is deemed as the capital contribution from the Group's ultimate controlling shareholders. Details of the transactions relating to the set off of the promissory notes and the Modification were set out in the Announcements and the Circular.

During the year ended 31 March 2021, the Company early redeemed a partial portion of the promissory notes with the carrying amount of approximately HK$39,819,000 by repaid the principal amount of HK$50,000,000.

36. DEFERRED TAX LIABILITIES

The followings are the deferred tax balances recognised in the consolidated statement of financial position and the movements thereon during the current and prior years:

	Fair value adjustment on investment properties *HK$'000*
At 1 April 2019, 31 March 2020 and 1 April 2020	–
Charged to property revaluation reserve	5,561
At 31 March 2021	**5,561**

At 31 March 2021, the Group has estimated unused tax losses of approximately HK$304,524,000 (2020: HK$267,433,000) available for offset against future profits. No deferred tax assets have been recognised in the consolidated financial statements due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

37. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Lease liabilities payable:				
– within one year	**2,415**	2,725	**2,137**	2,269
– more than one year but not more than two years	**1,168**	2,160	**1,117**	1,941
– more than two years but not more than five years	**144**	900	**139**	882
	3,727	5,785	**3,393**	5,092
Less: Future finance costs	**(334)**	(693)	**–**	–
Present value of lease liabilities	**3,393**	5,092	**3,393**	5,092
Less: Amount due for settlement with 12 months shown under current liabilities			**(2,137)**	(2,269)
Amount due for settlement after 12 months shown under non-current liabilities			**1,256**	2,823

Lease obligations are mainly denominated in HK$.

38. SHARE CAPITAL

	2021		2020	
	No. of shares	**Amount**	No. of shares	Amount
	'000	***HK$'000***	*'000*	*HK$'000*
Ordinary shares of HK$0.04 each				
Authorised:				
At the beginning and the end of the reporting period	40,000,000	1,600,000	40,000,000	1,600,000
Issued and fully paid:				
At the beginning of the reporting period	2,171,732	86,869	1,391,400	55,656
Subscription of new shares *(Note)*	–	–	780,332	31,213
At the end of the reporting period	2,171,732	86,869	2,171,732	86,869

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Note:

On 14 February 2019, the Company and First Cheer entered into a subscription agreement (the "Subscription Agreement") and subsequently entered into an amended and restated subscription agreement (the "Amended and Restated Subscription Agreement") on 24 May 2019 to amend and restate the Subscription Agreement, pursuant to which First Cheer has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 780,332,000 subscription shares at the subscription price of HK$0.345 per subscription share (the "Share Subscription"). The Share Subscription was completed on 28 June 2019. The subscription monies were settled by setting off against, certain promissory notes (Note 35), interest expenses accrued thereof (Note 32) and amounts due to related companies (Note 33) of aggregate carrying amount of approximately HK$268,798,000. Details of the Subscription were set out in the Announcements and the Circular.

39. SHARE OPTION SCHEME

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the option scheme include the Company's directors, including independent non-executive directors, other employees of the Group, any person or entity providing research, development or other technological support to the Group, and any other person or entity determined by the directors as having contributed or may contribute to the development and growth of the Group. The Company has two share option schemes, one was adopted on 29 November 2000 and expired in 2010 (the "2006 Share Option Scheme") and another one was adopted on 5 December 2006 (the "New Scheme") and expired in 2016. Following the expiry of the New Scheme on 4 December 2016, no further share option can be granted, but the provisions of the New Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise as may be required in accordance with the provisions of the New Scheme.

New Scheme

On 5 December 2006, the Company adopted a new share option scheme. The New Scheme became valid and effective for a period of ten years commencing from the adoption of the New Scheme, after which period no further options will be granted but the provisions of the New Scheme shall remain in full force and effect in all other respects.

The participants of the New Scheme to whom options may be granted by the board of directors of the Company shall include any director, employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group whom the board of directors of the Company in its sole discretion considers eligible for the New Scheme on the basis of his/her contribution to the development and growth of the Group.

No participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12 month period up to and including the date of grant to such participant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting. The number and terms of options to be granted to each grantee must be fixed before the shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

39. SHARE OPTION SCHEME *(Continued)*

New Scheme *(Continued)*

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and all other share option schemes of the Company (the "Scheme Mandate Limit") shall not exceed 10% of the total number of Shares in issue unless the Company obtains a fresh approval from its shareholders pursuant to the approval of the shareholders in general meetings. At 31 March 2021, the number of shares issuable under share options granted under the Share Option Scheme was 29,219,000 (2020: 107,263,864), which represented approximately 1.3% (2020: 4.9%) of the Company's shares in issue as at that date. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes shall not exceed 30% of the shares of the Company from time to time.

The offer of a grant of share options may be accepted within 14 days after the date on which the offer becomes or is declared unconditional. The exercise period of the share options granted is determinable by the board of directors, and commences on any date after the date of grant and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the New Scheme, if earlier.

The exercise price of share options is determined by the board of directors, but may not be less than the higher of (i) the closing price of the Company's shares on the GEM of the Stock Exchange on the date of grant of the option; (ii) the average of the closing prices of the Company's shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company.

The Company will comply with the disclosure requirements under Chapter 23 of the GEM Listing Rules, including without limitation disclosures in the annual and interim reports of the Company including details of the options granted to the following persons: (i) each of the connected person; (ii) each participant with options granted in excess of the limit; (iii) aggregate figures for the employees; (iv) aggregate figures for supplier of goods or services; and (v) all other participants as an aggregate whole.

39. SHARE OPTION SCHEME *(Continued)*

New Scheme *(Continued)*

Category participants	Date of grant	2021 Exercise price HK$	Exercise period	Outstanding at 1 April 2019	Grant during the year	Exercise during the year	Lapsed during the year	Outstanding at 31 March 2020	Grant during the year	Exercise during the year	Lapsed during the year	Outstanding at 31 March 2021
				Number of share options								
Mr. Cheng Ting Kong	25.11.2010	1.120	25.11.2010-24.11.2020	1,251,250	-	-	-	1,251,250	-	-	(1,251,250)	-
				1,251,250	-	-	-	1,251,250	-	-	(1,251,250)	-
Ms. Cheng Mei Ching	09.02.2010	0.650	09.02.2010-08.02.2020	11,492,308	–	–	(11,492,308)	–	–	–	–	–
	25.11.2010	1.120	25.11.2010-24.11.2020	12,581,250	–	–	–	12,581,250	–	–	(12,581,250)	–
	10.09.2014	0.315	10.09.2014-09.09.2024	1,391,400	–	–	–	1,391,400	–	–	–	1,391,400
				25,464,958	–	–	(11,492,308)	13,972,650	–	–	(12,581,250)	1,391,400
Mr. Lui Man Wah	10.09.2014	0.315	10.09.2014-09.09.2024	13,914,000	–	–	–	13,914,000	–	–	–	13,914,000
				13,914,000	–	–	–	13,914,000	–	–	–	13,914,000
Consultants in aggregate	16.12.2009	0.540	16.12.2009-15.12.2019	28,640,740	–	–	(28,640,740)	–	–	–	–	–
	25.11.2010	1.120	25.11.2010-24.11.2020	26,413,750	–	–	–	26,413,750	–	–	(26,413,750)	–
	07.12.2010	1.260	07.12.2010-06.07.2020	12,635,714	–	–	–	12,635,714	–	–	(12,635,714)	–
				67,690,204	–	–	(28,640,740)	39,049,464	–	–	(39,049,464)	–
Other employees in aggregate	16.12.2009	0.540	16.12.2009-15.12.2019	39,603,704	–	–	(39,603,704)	–	–	–	–	–
	09.02.2010	0.650	09.02.2010-08.02.2020	11,492,308	–	–	(11,492,308)	–	–	–	–	–
	25.11.2010	1.120	25.11.2010-24.11.2020	25,162,500	–	–	–	25,162,500	–	–	(25,162,500)	–
	10.09.2014	0.315	10.09.2014-09.09.2024	13,914,000	–	–	–	13,914,000	–	–	–	13,914,000
				90,172,512	–	–	(51,096,012)	39,076,500	–	–	(25,162,500)	13,914,000
				198,492,924	–	–	(91,229,060)	107,263,864	–	–	(78,044,464)	29,219,400
Weighted average exercise price				0.757				0.917				0.315

Notes:

(1) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

(2) The exercise price of the share option is subject to adjustment in the case of a capitalisation issue, rights issue, sub-division or consolidation of the Company's shares or reduction of the Company's share capital.

39. SHARE OPTION SCHEME *(Continued)*

New Scheme *(Continued)*

Notes: (Continued)

(3) As at 31 March 2021, the weighted average remaining contractual life of the share options is 3.45 years (2020: 1.7 years).

(4) No share options were granted for the year ended 31 March 2021 (2020: Nil). At 31 March 2021, the Company had 29,219,400 share options (2020: 107,263,864) outstanding under the share option schemes. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 29,219,400 (2020: 107,263,864) additional ordinary shares of HK$0.04 (2020: HK$0.04) each of the Company and additional share capital of HK$1,168,776 (2020: HK$4,290,555) and cash proceeds to the Company of approximately HK$9,204,111 (2020: HK$98,383,000) (before share issue expenses).

40. FINANCIAL ASSETS AND FINANCIAL LIABILITIES OFFSETTING

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 arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), and brokers, the Group has a legally enforceable right to set off the money obligation receivable and payable with HKSCC and brokers on the same settlement date and the Group intends to set off these balances on a net basis.

In addition, the Group has a legally enforceable right to set off the accounts receivable and payable with brokerage clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

Except for balances which are due to be settled on the same date which are being offset, amounts due from/to HKSCC, brokers and brokerage clients that are not to be settled on the same date, financial collateral including cash and securities received by the Group, deposits placed with HKSCC and brokers 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.

40. FINANCIAL ASSETS AND FINANCIAL LIABILITIES OFFSETTING *(Continued)*

As at 31 March 2021

	Gross amounts of recognised financial assets (liabilities) after impairment *HK$'000*	Gross amounts of recognised financial assets (liabilities) set off in the consolidated statement of financial position *HK$'000*	Net amounts of financial assets (liabilities) presented in the consolidated statement of financial position *HK$'000*
Financial assets			
Accounts receivables from:			
– Securities and futures dealers	18,951	–	18,951
– Funds and bonds dealers	13	–	13
– Clearing house	28,535	(28,535)	–
	47,499	(28,535)	18,964
Financial liabilities			
Accounts payables to:			
– Securities – cash clients	52,469	–	52,469
– Securities – margin clients	67,116	–	67,116
– Futures clients	6,370	–	6,370
– Clearing house	29,201	(28,535)	666
– Others	–	–	–
	155,156	(28,535)	126,621

40. FINANCIAL ASSETS AND FINANCIAL LIABILITIES OFFSETTING *(Continued)*

As at 31 March 2020

	Gross amounts of recognised financial assets (liabilities) after impairment *HK$'000*	Gross amounts of recognised financial assets (liabilities) set off in the consolidated statement of financial position *HK$'000*	Net amounts of financial assets (liabilities) presented in the consolidated statement of financial position *HK$'000*
Financial assets			
Accounts receivables from:			
– Futures dealers	3,113	–	3,113
– Funds and bonds dealers	15	–	15
– Clearing house	45,044	(11,257)	33,787
	48,172	(11,257)	36,915
Financial liabilities			
Accounts payables to:			
– Securities – cash clients	49,910	–	49,910
– Securities – margin clients	155,730	–	155,730
– Futures clients	159	–	159
– Clearing house	11,257	(11,257)	–
– Others	48	–	48
	217,104	(11,257)	205,847

40. FINANCIAL ASSETS AND FINANCIAL LIABILITIES OFFSETTING *(Continued)*

The tables below reconcile the "net amounts of financial assets and financial liabilities presented in the consolidated statement of financial position", as set out above, to the accounts receivables and accounts payables presented in the consolidated statement of financial position:

	2021	2020
	HK$'000	*HK$'000*
Net amount of financial assets after set off as stated above	**–**	33,787
Financial assets not in scope of set off disclosure	**18,964**	3,128
	18,964	36,915
Net amount of financial liabilities after set off as stated above	**666**	–
Financial liabilities not in scope of set off disclosure	**125,955**	205,847
	126,621	205,847

41. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Investment properties held by the Group in Australia for rental purposes have committed lessee for the next 5 years.

Undiscounted lease payments receivable on the lease are as follows:

	2021	2020
	HK$'000	*HK$'000*
Within one year	**1,777**	–
In the second year	**1,777**	–
In the third year	**1,777**	–
In the fourth year	**1,777**	–
In the fifth year	**1,777**	–
	8,885	–

42. MATERIAL RELATED PARTY TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

(a) The name of and the relationship with related parties are as follows:

Name	Relationship
Mr. Cheng	Director of the Company
Mr. Chau	Ultimate controlling shareholder
Mr. Lui Man Wah ("Mr Lui")	Director of the Company

(b) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions and balances with related parties during the year:

	2021 *HK$'000*	2020 *HK$'000*
Included in revenue		
– Equine related income (bloodstock sale and service fee) from a related company which is beneficially owned and controlled by Mr. Cheng *(Notes 1, 2 & 3)*	**11,592**	9,312
– Fees and commission income received from Mr. Chau *(Notes 4 & 5)*	**–**	1,993
– Fees and commission income received from Mr. Cheng *(Notes 2 & 6)*	**2,783**	61
– Fees and commission income received from Mr. Lui *(Notes 7, 8 & 9)*	**1,104**	125
– Fees and commission income received from related companies which are beneficially owned and controlled by Mr. Cheng and/or Mr. Chau *(Notes 2, 10 & 11)*	**1,575**	888
– Margin interest income received from Mr. Cheng *(Notes 2 & 12)*	**8**	26
– Margin interest income received from Mr. Lui *(Notes 7 & 13)*	**250**	103
Included in finance costs		
– Interest expenses on promissory notes to related companies which are beneficially owned and controlled by Mr. Cheng and/or Mr. Chau *(Notes 14, 15 & 16)*	**18,806**	22,709
Included in other gains and losses		
– Loss on early redemption for promissory note to related companies which are beneficially owned and controlled by Mr. Cheng *(Note 17)*	**10,181**	–

42. MATERIAL RELATED PARTY TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS *(Continued)*

(b) *(Continued)*

Notes:

1. The said related company is Sun Kingdom, which is beneficially owned and controlled by Mr. Cheng.

2. Mr. Cheng is an executive director, the chairman and a controlling shareholder of the Company

3. The provision of bloodstock service by the Group to Sun Kingdom and its affiliates pursuant to the master service agreement dated 31 July 2019 and entered into between the Group and Sun Kingdom with an annual cap of AUD3,100,000 (2020: AUD 3,000,000) for the year ended 31 March 2021 and for a term ending 31 March 2022 constitutes continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules. Details of which were disclosed in the announcements of the Company dated 14 February 2019, 28 March 2019, 24 May 2019, 24 June 2019 and 31 July 2019 and the circular of the Company dated 6 June 2019. The Company has complied with the requirements under Chapter 20 of the GEM Listing Rules.

4. Mr. Chau is a controlling shareholder of the Company.

5. The provision of service to Mr. Chau constitutes connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. As all the percentage ratios (other than the profit ratio) are less than 5% and the total consideration is less than HK$3,000,000, the connected transaction is exempted from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Company has complied with the requirements under Chapter 20 of the GEM Listing Rules.

6. The provision of brokerage service to Mr. Cheng pursuant to the master service agreement entered between the Group and Mr. Cheng dated 15 December 2020 with annual cap HK$9,000,000 for the year ended 31 March 2021 and for a term ending 31 March 2023 constitutes continuing connected transactions in the part of the Company under Chapter 20 of the GEM Listing Rules. Details of which were disclosed in the announcement of the Company dated 15 December 2020. The Company has complied with the requirements under Chapter 20 of the GEM Listing Rules.

   The provision of brokerage service to Mr. Cheng during the period between 1 April 2019 and 21 May 2019 constitutes continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules. As the Group had not entered into master service agreement with Mr. Cheng due to inadvertent mistake, the Company had not complied with the requirements under Chapter 20 of the GEM Listing Rules. The relevant securities account was closed with effect from 21 May 2019 and no brokerage service was provided by the Group to Mr. Cheng since 21 May 2019. Details of which were disclosed in the announcement of the Company dated 31 October 2019.

7. Mr. Lui is an executive director of the Company.

42. MATERIAL RELATED PARTY TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS *(Continued)*

(b) *(Continued)*

Notes: *(Continued)*

8. The provision of brokerage service to Mr. Lui pursuant to the master service agreement entered between the Group and Mr. Lui dated 10 March 2021 with annual cap of HK$7,500,000 for the year ended 31 March 2021 and for a term ending 31 March 2023 constitutes continuing connected transactions in the part of the Company under Chapter 20 of the GEM Listing Rules. Details of which were disclosed in the announcement of the Company dated 15 December 2020 and 10 March 2021. The Company has complied with the requirements under Chapter 20 of the GEM Listing Rules.

   The provision of brokerage service to Mr. Lui during the period between 1 April 2019 and 21 May 2019 constitutes continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules. As the Group had not entered into master service agreement with Mr. Lui due to inadvertent mistake, the Company had not complied with the requirements under Chapter 20 of the GEM Listing Rules. The relevant securities account was closed with effect from 21 May 2019 and no brokerage service was provided by the Group to Mr. Lui since 21 May 2019 and up to 18 February 2020. Details of which were disclosed in the announcement of the Company dated 31 October 2019.

9. The provision of brokerage service to Mr. Lui during the period between 19 February 2020 and 31 March 2020 constitutes continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules. As all the percentage ratios (other than the profit ratio) are less than 5% and the total consideration is less than HK$3,000,000, the continuing connected transaction is exempted from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Company has complied with the requirements under Chapter 20 of the GEM Listing Rules.

10. Among which approximately of HK$497,000 (2020: HK$610,000) is in relation to the provision of service by the Group to a company ultimately owned as to approximately 75% by another company which, in turn, is owned as to 50% by Mr. Cheng. It constitutes connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. As all the percentage ratios (other than the profit ratio) are less than 5% and the total consideration is less than HK$3,000,000, the connected transaction is exempted from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Company has complied with the requirements under Chapter 20 of the GEM Listing Rules.

11. Among which approximately of HK$60,000 (2020: HK$278,000) is in relation to the provision of service by the Group to a company wholly-owned by Mr. Cheng. It constitutes connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. As all the percentage ratios (other than the profit ratio) are less than 5% and the total consideration is less than HK$3,000,000, the connected transaction is exempted from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Company has complied with the requirements under Chapter 20 of the GEM Listing Rules.

42. MATERIAL RELATED PARTY TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS *(Continued)*

(b) *(Continued)*

Notes: *(Continued)*

12. The provision of margin financing to Mr. Cheng pursuant to the master service agreement entered between the Group and Mr. Cheng dated 15 December 2020 with annual cap of HK$8,000,000 of margin loan and HK$500,000 of margin finance interest for the year ended 31 March 2021 and for a term ending 31 March 2023 constitutes continuing connected transactions in the part of the Company under Chapter 20 of the GEM Listing Rules. Details of which were disclosed in the announcement of the Company dated 15 December 2020. The Company has complied with the requirements under Chapter 20 of the GEM Listing Rules.

    The provision of margin financing to Mr. Cheng during the period between 1 April 2019 and 21 May 2020 constitutes continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules. As the Group had not entered into master service agreement with Mr. Cheng due to inadvertent mistake, the Company had not complied with the requirements under Chapter 20 of the GEM Listing Rules. The relevant securities account was closed with effect from 21 May 2019 and no margin financing was provided by the Group to Mr. Cheng since 21 May 2019. Details of which were disclosed in the announcement of the Company dated 31 October 2019.

13. The provision of brokerage service to Mr. Lui pursuant to the master service agreement entered between the Group and Mr. Lui dated 10 March 2021 with annual cap of HK$9,800,000 of margin loan and HK$1,500,000 of margin finance interest for the year ended 31 March 2021 and for a term ending 31 March 2023 constitutes continuing connected transactions in the part of the Company under Chapter 20 of the GEM Listing Rules. Details of which were disclosed in the announcement of the Company dated 15 December 2020 and 10 March 2021. The Company has complied with the requirements under Chapter 20 of the GEM Listing Rules.

    The provision of margin financing to Mr. Lui during the period between 1 April 2019 and 21 May 2020 constitutes continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules. As the Group had not entered into master service agreement with Mr. Lui due to inadvertent mistake, the Company had not complied with the requirements under Chapter 20 of the GEM Listing Rules. The relevant securities account was closed with effect from 21 May 2019 and no margin financing was provided by the Group to Mr. Lui since 21 May 2019. Details of which were disclosed in the announcement of the Company dated 31 October 2019.

14. The provision of financial assistance from the related company beneficially owned and controlled by Mr. Cheng to the Group constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules. The Company has complied with the requirements under Chapter 20 of the GEM Listing Rules.

15. The said related companies are (i) Eminent Crest Holdings Limited, a company beneficially owned and controlled by Mr. Cheng; and (ii) Peak Stand Holdings Limited, a company beneficially owned and controlled by Mr. Cheng.

42. MATERIAL RELATED PARTY TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS *(Continued)*

(b) *(Continued)*

Notes: *(Continued)*

16. The promissory notes were issued by the Company as the consideration for the acquisition of the entire issued share capital of Sun Finance Company Limited, which constitutes a very substantial acquisition and connected transaction on the part of the Company under Chapter 19 and Chapter 20 of the GEM Listing Rules, and was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 12 January 2018. Details of which were disclosed in the circular of the Company dated 22 December 2017. Completion of the acquisition took place on 31 January 2018. The maturity date of the promissory notes is subsequently extended to 31 January 2023 and part of the interest accrued waived. Details of which were disclosed in the circular of the Company dated 6 June 2019 and the announcement of the Company dated 28 June 2019.

17. The related company is Eminent Crest Holdings Limited, a company beneficially owned and controlled by Mr. Cheng.

The directors of the Company consider that the above transactions are conducted on normal commercial terms or better and in the ordinary and usual course of business of the Group.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2021	2020
	HK$'000	*HK$'000*
Salaries and other benefits	**4,108**	3,802
Retirement benefit scheme contributions	**54**	54
	4,162	3,856

43. RETIREMENT BENEFIT SCHEME

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "Scheme") for all its qualifying employees in Hong Kong. The assets of the Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of 5% of the relevant payroll costs or HK$1,500 for each of its employees to the Scheme per month, which contribution is matched by employees.

The employees for the equine business are employed by the Australian subsidiaries. These employees are members of a state-managed retirement benefit scheme in Australia (Superannuation fund). The Group is required to contribute 9.50% (2020: 9.50%) of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

44. DISPOSAL OF A SUBSIDIARY

On 14 February 2019, Sun Macro Limited ("Sun Marco"), a wholly-owned subsidiary of the Company, entered into the share sale agreement with Prestige Summit Investments Limited ("Prestige Summit"), a company wholly-owned by Mr. Cheng, pursuant to which Sun Macro has conditionally agreed to sell and Prestige Summit has conditionally agreed to acquire the entire issued share capital of Sun Kingdom at the purchase price of AUD 1 (subjected to adjustments) (the "Share Sale") and was completed on 31 July 2019.

Analysis of assets and liabilities over which control was lost

	HK$'000
Biological assets	68,016
Cash and cash equivalents	1,506
Other receivables	6,405
Amounts due to intermediate holding company	(79,631)
Amounts due to related companies	(3,584)
Other payables	(1,457)
Net liabilities disposed of	(8,745)
Gain on disposal of a subsidiary	
Net liabilities disposed of	8,745
Release of exchange reserve upon disposal	5,302
Gain on disposal of a subsidiary recognised in capital contribution reserve *(Note)*	14,047

Note: Gain on disposal of a subsidiary has been directly credited in the capital contribution reserve as it is deemed as the capital contribution from the Group's ultimate controlling shareholder.

	HK$'000
Net cash outflow arising on disposal	
Cash and cash equivalents disposed of	(1,506)
Net cash outflow	(1,506)

Details of the Share Sale and related transactions were set out in the Announcements and the Circular.

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Interest payables *HK$'000*	Medium-term bonds *HK$'000*	Promissory notes *HK$'000*	Lease liabilities *HK$'000*	Total *HK$'000*
At 1 April 2019	33,193	34,369	474,917	1,874	544,353
Non-cash changes					
Interest expenses on medium-term bonds	2,394	1,200	–	–	3,594
Interest expenses on promissory notes	11,162	–	11,547	–	22,709
Interest expenses on lease liabilities	426	–	–	–	426
Foreign currency realignment	–	–	–	28	28
New leases entered	–	–	–	4,914	4,914
Modification of promissory notes	–	–	(70,720)	–	(70,720)
Set-off of promissory notes and interest payables	(28,753)	–	(232,411)	–	(261,164)
Waiver of interest payables	(13,725)	–	–	–	(13,725)
Cash flows					
Outflow from financing activities	(2,820)	(9,000)	–	(1,724)	(13,544)
At 31 March 2020 and 1 April 2020	**1,877**	**26,569**	**183,333**	**5,092**	**216,871**
Non-cash changes					
Interest expenses on medium-term bonds	**796**	**431**	**–**	**–**	**1,227**
Interest expenses on promissory notes	**–**	**–**	**18,806**	**–**	**18,806**
Interest expenses on lease liabilities	**–**	**–**	**–**	**494**	**494**
Loss on early redemption	**–**	**–**	**10,181**	**–**	**10,181**
Foreign currency realignment	**–**	**–**	**–**	**95**	**95**
New leases entered	**–**	**–**	**–**	**653**	**653**
Cash flows					
Outflow from financing activities	**(2,673)**	**(27,000)**	**(50,000)**	**(2,941)**	**(82,614)**
At 31 March 2021	**–**	**–**	**162,320**	**3,393**	**165,713**

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 HK$'000	2020 HK$'000
Non-current assets		
Investment in a subsidiary	**–**	–
Property, plant and equipment	**2,443**	–
Right-of-use assets	**2,452**	4,183
	4,895	4,183
Current assets		
Prepayments, deposits and other receivables	**824**	3,078
Amounts due from subsidiary	**–**	32,038
Cash and cash equivalents	**2,372**	1,413
	3,196	36,529
Current liabilities		
Accruals and other payables	**715**	2,882
Amounts due to subsidiaries	**324,005**	274,106
Medium-term bonds	**–**	26,569
Lease liabilities	**1,941**	1,717
	326,661	305,274
Net current liabilities	**(323,465)**	(268,745)
Non-current liabilities		
Promissory notes	**162,320**	183,333
Lease liabilities	**882**	2,823
	163,202	186,156
Net liabilities	**(481,772)**	(450,718)
Equity		
Share capital	**86,869**	86,869
Reserves	**(568,641)**	(537,587)
Total equity	**(481,772)**	(450,718)

The financial statements were approved and authorised for issue by the board of directors on 30 July 2021 and are signed on its behalf by:

Cheng Ting Kong	**Lui Man Wah**
Director	*Director*

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Movement in the Company's reserve

	Share premium HK$'000	Capital contribution reserve HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Share options reserve HK$'000	Accumulated loss HK$'000	Total HK$'000
At 1 April 2019	775,075	–	368	255	24,200	(1,265,924)	(466,026)
Loss for the year	–	–	–	–	–	(393,159)	(393,159)
Lapse of share options	–	–	–	–	(6,466)	6,466	–
Issue of new shares	237,585	–	–	–	–	–	237,585
Transaction with shareholders	–	84,013	–	–	–	–	84,013
At 31 March 2020 and 1 April 2020	**1,012,660**	**84,013**	**368**	**255**	**17,734**	**(1,652,617)**	**(537,587)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(31,054)**	**(31,054)**
Lapse of share options	**–**	**–**	**–**	**–**	**(16,075)**	**16,075**	**–**
At 31 March 2021	**1,012,660**	**84,013**	**368**	**255**	**1,659**	**(1,667,596)**	**(568,641)**

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of incorporation	Form of legal entity	Issued and Fully paid up ordinary share capital	Proportion of ownership interest and voting power held Directly %		Indirectly %		Principal activities
				2021	2020	2021	2020	
Golden Harvest Trading Limited	Hong Kong	Limited company	HK$2	–	–	100	100	Provision of administrative service for the Group in Hong Kong
Kimbo Consultancy Pty Ltd	Australia	Limited company	AUD100	–	–	100	100	Provision of human resources and administrative services for the subsidiaries in Australia
Sun Farm Land Pty Ltd	Australia	Limited company	AUD100	–	–	100	100	Property investment holding
Sun Finance	Hong Kong	Limited company	HK$375,000,000	–	–	100	100	Provision for money lending business in Hong Kong
Sun International Asset Management Limited	Hong Kong	Limited company	HK$7,300,000	–	–	100	100	Provision of asset management and advising services on securities and futures contracts
Sun International Credit Limited	Hong Kong	Limited company	HK$1	–	–	100	100	Provision for money lending business in Hong Kong
Sun International Securities Limited	Hong Kong	Limited company	HK$140,000,000	–	–	100	100	Provision of securities brokerage services
Sun Stud Pty Ltd	Australia	Limited company	AUD100	–	–	100	100	Provision of equine related services and investment in stallions

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

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

48. MAJOR NON-CASH TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following major non-cash transactions during the years ended 31 March 2021 and 2020:

(i) The Group entered into a new lease agreement for the use of leased properties for 3 years (2020: 3 years). On the lease commencement, the Group recognised approximately HK$673,000 (2020: HK$5,193,000) of right-of-use asset and approximately HK$653,000 (2020: HK$4,914,000) of lease liability for the year ended 31 March 2021.

(ii) During the year ended 31 March 2021, addition to property, plant and equipment of approximately HK$1,562,000 were settled by deposit paid during the year ended 31 March 2020.

48. MAJOR NON-CASH TRANSACTIONS *(Continued)*

(iii) During the year ended 31 March 2020, the Company and First Cheer entered into Subscription Agreement and the Amended and Restated Subscription Agreement pursuant to which First Cheer has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 780,332,000 subscription shares at the subscription price of HK$0.345 per subscription share. The subscription monies were set-off by interest payable, promissory notes and amounts due to related companies of approximately HK$268,798,000.

(iv) During the year ended 31 March 2020, promissory notes with principal amount and the related interests accrued of approximately HK$7,977,000 and HK$24,021,000 respectively were set-off against the loan and interest receivables from Customer C.

(v) During the year ended 31 March 2020, promissory note with principal amount of approximately HK$81,447,000 was set-off against the amount due from Sun Kingdom.

49. CONTINGENT LIABILITIES

On 30 October 2018, Guangdong Higher People's Court (the "Guangdong Higher Court") has been directed by the Supreme People's Court of the PRC to hear the claims (the "Original Claims") made by Mr. Chiu Ming ("Mr. Chiu") and Diamond Ocean Development Limited ("Diamond Ocean") (collectively the "Original Plaintiffs") against, among others, Sun Finance, Mr. Cheng and Mr. Chau (collectively the "Original Defendants") in relation to, among others, an enforcement of the share charge in 2011 over certain shares (the "Diamond Ocean Share Charge") of a listed company (the "Listed Company") in Hong Kong provided by Diamond Ocean, being the security for a loan provided by Sun Finance to Diamond Ocean, which was alleged by the Original Plaintiffs to have infringed their rights. According to the Original Claims, the Original Plaintiffs requested the court to order the Original Defendants to compensate the Original Plaintiffs for direct economic loss of RMB500,000,000 and bear all the litigation costs. In addition, the Original Plaintiffs will seek compensation for indirect loss after the valuation company engaged by the court has assessed the assets of a PRC subsidiary (the "PRC Subsidiary") of the Listed Company.

On 3 July 2020, the PRC legal advisor of the Group received the amended form of claim (the "Amended Form of Claim") from the Guangdong Higher Court which was lodged by Mr. Chiu, Diamond Ocean and Rich Galaxy Group Limited ("Rich Galaxy") (which was added as plaintiff) on 27 June 2019.

Pursuant to the Amended Form of Claim, (i) Fame Select Limited (being a company beneficially owned as to 50% by Mr. Chau and as to 50% by Mr. Cheng) and Ms. Yeung So Lai (being the sister of Ms. Yeung So Miu, which, in turn, is the spouse of Mr. Cheng), among others, were added as defendants (together with the Original Defendants, the "Defendants"); and (ii) the amount of compensation claimed from the Defendants was increased to HK$680,000,000.

The Group had objected the Amended Form of Claim on the ground of different jurisdiction but was unsuccessful. The Amended Form of Claims would be effectively stand and the Group is pending to receive hearing notice from the Guangdong Higher Court.

49. CONTINGENT LIABILITIES *(Continued)*

As at the date of approval of these consolidated financial statements, the Group had not yet received any hearing notice issued by the Guangdong Higher Court.

In preparing the consolidated financial statements of the Group, the directors of the Company have sought the legal opinions (the "Legal Opinions") from the PRC legal advisers regarding the claims (the "Claims") made under the Amended Form of Claim.

According to the Legal Opinions, the PRC legal advisers opined that, among others, there is no fact, evidence or legal support on the Claims. The directors of the Company are of the opinion that, based on the Legal opinions, there is strong legal grounds to dismiss the Claims.

In order to remove any uncertainty arising from the Claims on the Group, Mr. Cheng executed a deed of indemnity in favour of the Company (for itself and as trustee of Sun Finance and the intermediate holding company of Sun Finance), whereby Mr. Cheng agreed to indemnify and keep the Company (for itself and as trustee of Sun Finance and the intermediate holding company of Sun Finance) indemnified against all loss and damages arising out of or in relation to the Claims.

Having considered the aforementioned factors, the directors of the Company consider that the Claims are unlikely to have any material adverse impact on the Group and no provision is required to be made in relation to the same.

Details of the Original Claims were set out in the announcements of the Company dated 4 April 2019 and 8 April 2019.

50. EVENTS AFTER REPORTING PERIOD

(i) As disclosed in the Company's announcement dated 26 March 2021, Extra Blossom Holdings Limited ("Extra Blossom"), an indirect wholly-owned subsidiary of the Company, entered into the (i) sales and purchase agreement A ("S&P Agreement A") with vendor A ("Vendor A") in relation to proposed sale and purchase of certain equipment for cryptocurrency mining at the consideration of HK$50,000,345, which shall be satisfied by procuring the Company to allot and issue 55,249,000 consideration shares ("Consideration Shares A"); and (ii) sales and purchase agreement B ("S&P Agreement B") with vendor B ("Vendor B") in relation to proposed sale and purchase of certain equipment for cryptocurrency mining at the consideration of HK$49,999,999.719, which shall be satisfied by procuring the Company to allot and issue 155,763,239 consideration shares ("Consideration Shares B").

As disclosed in the Company's announcement dated 22 April 2021, Extra Blossom and the Vendor B entered into a supplemental agreement (the "Supplemental Agreement") to the S&P Agreement B and agreed to (i) revise the issue price from HK$0.321 to HK$0.873 and the amount of the consideration from HK$49,999,999.719 to HK$49,999,999.464 and the number of the Consideration Shares B from 155,763,239 to 57,273,768.

50. EVENTS AFTER REPORTING PERIOD *(Continued)*

(i) *(Continued)*

As disclosed in the Company's announcement dated 30 April 2021, all the condition precedent to both S&P Agreement A and S&P Agreement B have been fulfilled and all the cryptocurrency mining equipment have been delivered to Extra Blossom and Extra Blossom has been satisfied with the inspection of the equipment. Consideration shares have been allotted and issued to Vendor A and Vendor B respectively.

As disclosed in the Company's announcement dated 24 May 2021, in light of the statement made by the State Council's Financial Stability and Development Committee of the People's Republic of China (the "PRC") on 21 May 2021 on Bitcoin mining and trading activities, on 24 May 2021, the Group instructed the relevant service provider to suspend the cryptocurrency miner operating service pending further discussion with each other.

As disclosed in the Company's announcement dated 7 July 2021, the Group has relocated its equipment for cryptocurrency mining to Kazakhstan and engaged service provider in Kazakhstan for the provision of the cryptocurrency miner operating service. As at the date of the announcement, the Group has commenced its cryptocurrency mining activities in Kazakhstan.

(ii) Extra Blossom entered into an agreement (the "Swarm Leasing Agreement") with 深圳市水滴雲智能有限公司 (Shenzhen Shuidi Yun Zhineng Company Limited*) ("Shenzhen Shuidi"), an independent third party, pursuant to which Shenzhen Shuidi agreed to lease to Extra Blossom 1,000 networked computing nodes to be used in Swarm, being Ethereum's decentralised storage branch, for a term of nine months for a leasing fee of RMB1,000,000 per month. The Swarm Leasing Agreement may be terminated by Extra Blossom by giving to Shenzhen Shuidi not less than one month's prior notice in writing. Further details are disclosed in the Company's announcement dated 16 June 2021.

In view of the fluctuation in the trading price of Swarm and after arm's length negotiation, Extra Blossom and Shenzhen Shuidi mutually agreed to suspend the Swarm Leasing Agreement. Further details are disclosed in the Company's announcement dated 21 July 2021.

There is no other significant event took place subsequent to end of the reporting period.

* *for identification purpose only*

51. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 July 2021.

Five Year Financial Summary

Summary of the results, assets and liabilities of the Group is as follows:

	For the year ended 31 March				
	2021	2020	2019	2018	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Results					
Revenue	**63,724**	98,073	119,216	118,799	94,737
Loss before taxation	**(57,452)**	(60,227)	(102,981)	(61,885)	(85,817)
Income tax expense	**(4,476)**	(258)	(2,557)	(1,603)	(68)
Loss for the year	**(61,928)**	(60,485)	(105,538)	(63,488)	(85,885)
Loss attributable to:					
Owners of the Company	**(61,928)**	(60,485)	(105,538)	(60,735)	(85,359)
Non-controlling interests	**–**	–	–	(2,753)	(526)
Loss for the year	**(61,928)**	(60,485)	(105,538)	(63,488)	(85,885)
Loss per share attributable to owners of the Company					
Basic (HK cents)	**(2.85)**	(3.05)	(7.59)	(4.37)	(6.13)
Diluted (HK cents)	**(2.85)**	(3.05)	(7.59)	(3.53)	(6.07)

	At 31 March				
	2021	2020	2019	2018	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets and liabilities					
Total assets	**390,887**	558,610	650,660	780,663	560,260
Total liabilities	**(328,908)**	(448,046)	(835,690)	(853,912)	(565,648)
Net assets/(liabilities)	**61,979**	110,564	(185,030)	(73,249)	(5,388)