China Environmental Energy Investment Limited

中國環保能源投資有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 986)

2020
ANNUAL REPORT

*For identification purposes only

Contents

This Annual Report, in both English and Chinese versions, is available on the Company's website at www.986.com.hk. Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the corporate communications of the Company (the "Corporate Communications").

Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Shareholders who have chosen to receive the Corporate Communications in either English or Chinese version will receive both English and Chinese versions of this Annual Report since both languages are bound together into one booklet.

Corporate Information

Executive Directors

Ms. Zhou Yaying *(Chairman)*
Mr. Wei Liang *(Chief Executive Officer)*
Ms. Hong Jingjuan
Mr. Tang Wing Cheung Louis

Independent Non-executive Directors

Mr. Tse Kwong Chan
Mr. Yiu To Wa
Mr. Lau Leong Yuen

Company Secretary

Mr. Chan Kin Ming

Audit Committee

Mr. Yiu To Wa *(Chairman)*
Mr. Tse Kwong Chan
Mr. Lau Leong Yuen

Remuneration Committee

Mr. Tse Kwong Chan *(Chairman)*
Ms. Zhou Yaying
Mr. Lau Leong Yuen

Nomination Committee

Mr. Yiu To Wa *(Chairman)*
Ms. Zhou Yaying
Mr. Tse Kwong Chan

Auditor

CHENG & CHENG LIMITED
Levels 35, Tower 1,
Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay, Kowloon
Hong Kong

Legal Advisor

H.Y. Leung & Co. LLP Solicitors
22/F., Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

Room 910, 9/F., Harbour Centre
25 Harbour Road, Wanchai
Hong Kong

Principal Bankers

China Construction Bank (Asia) Corporation Limited
Industrial and Commercial Bank of China Limited
CMB Wing Lung Bank Limited

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
4th Floor, North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

Website

http://www.986.com.hk

Stock Code

986

Chairman's Statement and Management Discussion & Analysis

I would like to report to the shareholders the annual results of China Environmental Energy Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2020.

FINANCIAL REVIEW

For the year ended 31 March 2020, the Group's revenue from continuing operations was approximately HK$90.54 million (2019: approximately HK$137.59 million), representing a decrease of approximately HK$47.05 million or 34.20% as compared with last year. The revenue included approximately HK$77.20 million from design, original equipment manufacturing ("OEM") and marketing of jewelry (the "Design, OEM and Marketing of Jewelry") business (2019: approximately HK$129.11 million) and approximately HK$13.34 million from provision of loans as money lending (the "Money Lending") business (2019: approximately HK$8.08 million).

Gross profit from continuing operations was approximately HK$20.73 million (2019: approximately HK$26.62 million), representing a decrease of approximately HK$5.89 million or 22.13% as compared with last year. The decrease in gross profit was mainly in the Design, OEM and Marketing of Jewelry business due to the weaker consumer sentiment, continuous social incidents and the severe outbreak of COVID-19 during the year.

Gross profit margin from continuing operations of the Group was increased from approximately 19.35% to 22.89%. The increase in gross profit margin of 2020 as compared with 2019 was due to the combination of revenue and gross profit in different businesses.

The loss for the year of the Group was approximately HK$29.41 million (2019: approximately HK$51.46 million). The loss from continuing operations and the loss from discontinued operation for the year of the Group were approximately HK$27.82 million and HK$1.59 million, respectively (2019: approximately HK$35.95 million and HK$15.51 million, respectively).

The revenue and loss attributable to the owners of the Company for the discontinued operation were approximately HK$288,000 and HK$1,586,000, respectively, for the year ended 31 March 2020 (2019: approximately HK$268,000 and HK$15,511,000, respectively). The decrease in loss from the discontinued operation because only two months results of the discontinued operation were attributable to the Group.

The decrease of loss for the year of the Group was mainly due to, including but not limited to (i) benefiting from discontinued the operation in the provision of financial advisory, intermediary and asset management services (the "Financial Services") during the year whereas approximately HK$15.51 million of operating loss in the Financial Services in the last year; (ii) the gain on disposal of the assets classified as held for sale was approximately HK$11.88 million during the year whereas the total loss on the assets classified as held for sale was approximately HK$22.49 million in the last year; (iii) no share options were granted during the year ended 31 March 2020 whereas approximately HK$10.65 million equity-settled share-based payment expense in relation to the share options were granted in the last year; and (iv) the offset of the impairment losses on goodwill and loan and interests receivables were approximately HK$15.40 million and HK$13.88 million, respectively.

Selling, distribution and administrative expenses from continuing operations were approximately HK$19.78 million (2019: approximately HK$31.17 million), representing a decrease of HK$11.39 million or approximately 36.54% as compared with last year due to no share options were granted during the year ended 31 March 2020 whereas approximately HK$10.65 million equity-settled share-based payment expense in relation to the share options were granted in the last year.

FINANCIAL REVIEW (continued)

The finance costs from continuing operations amounted to approximately HK$1.11 million (2019: approximately HK$0.80 million), representing an increase of approximately 38.75% as compared with last year since one of loan was borrowed from the third quarter of 2019 of the Group.

For the year ended 31 March 2020, the Group was principally engaged in the businesses of OEM and Marketing of Jewelry and Money Lending. And the Group has disposed Financial Services business in May 2019.

Design, OEM and Marketing of Jewelry business

During the year under review, the revenue generated from the Design, OEM and Marketing of Jewelry business was approximately HK$77.20 million (2019: approximately HK$129.11 million). Operating profit before tax and impairment loss on goodwill was approximately HK$5.31 million (2019: approximately HK$13.03 million). The gross profit margin was decreased from 14.06% to 9.56%.

Due to (i) the decline of visitor arrivals to Hong Kong and buyers to the exhibitions in Hong Kong, the weaker consumer sentiment and continuous social incidents in Hong Kong in the second half of 2019, Hong Kong Tourism Board statistics revealed that the number of tourist arrivals declined by approximately 39.1% year-on-year, during the second half of 2019; and (ii) the severe outbreak of COVID-19 since January 2020, various regions were under extensive lockdown and various levels of restrictions on public and business activities. These factors have resulted in a decline of revenue of Design, OEM and Marketing of Jewelry business by approximately 40.21% compare to the last year. Following the COVID-19 outbreak and its impact on the Design, OEM and Marketing of Jewelry business, the Directors have revisited the terms and projected trading volume with certain suppliers and mutually agreed to reduce the deposit balances accordingly. Up to the date of this annual report, deposits amounting to approximately HK$126.27 million have been returned to the Group and the Directors will reallocate the resources to other potential opportunities. The Group expects this business segment will continue to face more challenges in the foreseeable future and the Directors expect to see good growth potentials when the market recovers as the impact of COVID-19 fades away.

Money Lending business

The Group has commenced its Money Lending business in Hong Kong through a wholly owned subsidiary, Great Luck Finance Limited ("Great Luck") since March 2016. Great Luck is a company holding a money lender's license under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). During the year under review, Great Luck had made loans to certain borrowers amounting to HK$156.57 million in total at the average interest rate of 10.64% per annum. During the year, interest income from money lending was approximately HK$13.34 million (2019: approximately HK$8.08 million). In view of the increasing demand in money lending in Hong Kong, the Group will proactively expand such business as the Directors believe that it will provide steady interest income for the Group and has been one of the focal businesses of the Group. In addition, the external gross profit of Money Lending business is almost 100% because the funding of loan is from internal resource of the Group.

SIGNIFICANT INVESTMENTS

As at 31 March 2020, the market value of the equity securities (the "Listed Equities") listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was approximately HK$18.69 million. As at 31 March 2019, the fair value of the equity investment fund (the "Fund") was approximately HK$40.34 million.

During the year, the Group received a notification letter from the administrator of the Fund. The directors of the Fund upon recommendation of the investment manager of the Fund and in accordance with the provision of the memorandum, have resolved to compulsorily redeem all of the participating shares of the Fund as of 1 November 2019 (the "Compulsory Redemption"). The settlement of the Compulsory Redemption of the Fund was settled by way of transfer of the portfolio of the Fund to the Group. After the completion of the Compulsory Redemption, the Group had the following significant investments in the Listed Equities listed on the Stock Exchange which were classified as financial assets at fair value through other comprehensive income:

Name (Stock code)	Principal business	Net gain/(loss) on fair value change as at 31 March 2020 HK$ million	Market value as at 31 March 2020 HK$ million	% of shareholding held as at 31 March 2020	% of net assets of the Company as at 31 March 2020
China e-Wallet Payment Group Limited (802)	Provision of solutions services, internet and mobile application and related services	(3.83)	4.64	2.11	1.55
WLS Holdings Limited (8021)	Provision of scaffolding and fitting out services, management contracting services, other services for construction and buildings work, money lending business and securities investment business	1.44	10.05	2.50	3.37
Other listed equity securities (Note)		(1.27)	3.99		1.34
Total		(3.66)	18.68		6.26

Note: As at 31 March 2020, other listed equity securities comprised 12 listed equity securities and none of them was more than 1% of the total asset of the Group.

SIGNIFICANT INVESTMENTS (continued)

During the year under review, the Group's Listed Equities recorded a fair value loss of approximately HK$4.84 million and the Fund recorded a fair value loss of approximately HK$12.15 million.

The future value of Listed Equities may be affected by the degree of volatility in Hong Kong stock market and susceptible to other external factors that may affect their values. The Group will continue to adopt a diversified investment strategy and monitor the performance of the Group's investments with reference to the advice from investment professionals to achieve better shareholders' return.

MATERIAL ACQUISITION AND DISPOSAL

On 16 May 2019, the Company, as vendor, and Extra Nice Limited, Mr. Chan Kam Kong, Mr. Tong Siu Ting ("Mr. Tong") and BC Asia Group Limited (collectively as the "Purchasers") entered into four separate sales and purchase agreements, pursuant to which the Company has conditionally agreed to sell and the Purchasers have conditionally agreed to purchase the entire interest of Maiden Faith Capital Group Limited, (wholly owned subsidiary of the Company) and its subsidiaries, which are engaged in Financial Services business, at a total consideration of HK$14.35 million. Mr. Tong was a director of disposed subsidiary. Therefore, Mr. Tong was a connected person of the Company at the subsidiary level. As such, the sales and purchase agreement with Mr. Tong constituted a connected transaction of the Company and exempted under Chapter 14A of the Listing Rules.

The result of Financial Services business had been separately disclosed in discontinued operation in the consolidated statement of profit or loss and other comprehensive income. Upon completion of the Disposal in May 2019, the Company ceased to hold any equity interest in Maiden Faith Capital Group Limited and its subsidiaries and its result was no longer consolidated into the consolidated financial statements of the Group.

The Group operated the Financial Services business in Hong Kong several years which has been in continued loss of around HK$7 million each year and the revenue generated therefrom was not substantial. Considering the competition in the Financial Service business has been increased fiercely recently and that the financial resources requirement for operating the Financial Services is high in order to satisfy the financial resources rules according to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the Board considered that it is in the interest of the Company to streamline the principal activities of the Group and to focus its resources in pursuing development opportunities on the businesses of Design, OEM and Marketing of Jewelry and Money Lending.

During the year, the Group has completed the disposal of approximately 23.53% and 25.88% of the entire issued share capital of Pure Power Holdings Limited owned by the Company to two independent third parties, details refer to the notes 15 and 22 to the consolidated financial statements.

Save as disclosed above, the Company did not have any significant acquisition and disposal during the year ended 31 March 2020.

OUTLOOK

The Directors will continue to enhance the Group's businesses through review of its existing business portfolio from time to time and also seek suitable investment opportunities in the long run so as to broaden the source of income of the Group and diversify the Group's business portfolio on an on-going basis.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2020, the Group's net current assets were approximately HK$234.11 million (31 March 2019: approximately HK$188.20 million), including cash and cash equivalents of approximately HK$7.43 million (31 March 2019: HK$12.53 million). Total interest-bearing borrowings amounted to approximately HK$15.15 million as at 31 March 2020 (31 March 2019: approximately HK$15.15 million). The Group's gearing ratio, which was net debt divided by total equity plus net debt, as at 31 March 2020 was 2.81% (31 March 2019: 0.95%).

SHARE CAPITAL AND CAPITAL STRUCTURE

During the year ended 31 March 2020, a total of 56,785,250 new shares of the Company were issued and allotted upon exercise of share options granted under the Company's share option scheme.

As a result, the number of shares of the Company in issue increased from 567,852,500 as at 1 April 2019 to 624,637,750 as at 31 March 2020.

Save as disclosed above, there was no other change in the share capital and capital structure of the Company during the year ended 31 March 2020.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong and Mainland China. Most transactions, assets and liabilities are denominated in Hong Kong Dollars, United States dollars ("USD") and Renminbi. As Hong Kong dollars are pegged to USD, the management does not expect that the Group has significant foreign exchange exposure to USD. During the year ended 31 March 2020, the Group did not enter into any derivative contracts aimed at minimising exchange rate risks, but the Group will continue to review its foreign exchange exposure regularly and might consider using financial instruments to hedge against foreign exchange exposure at appropriate times.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2020 and 2019.

CAPITAL COMMITMENTS

The Group had no material capital commitments authorised but not provided for as at 31 March 2020 and 2019.

PLEDGE OF ASSETS

The Group did not have any pledge on its assets as at 31 March 2020 and 2019.

DIVIDEND

No dividend for the year ended 31 March 2020 (2019: Nil) is recommended by the Board.

EVENTS AFTER THE REPORTING PERIOD

On 13 May 2020, the Company granted 59,056,660 share options under the share option scheme of the Company, of which 53,150,994 share options were granted to employees and fully accepted and 5,905,666 share options were granted to Ms. Zhou Yaying (the director of the Company) ("Ms. Zhou"). On 5 June 2020, the Company cancelled the grant of 5,905,666 share options to Ms. Zhou with the agreement of Ms. Zhou at nil consideration.

EMPLOYMENT AND REMUNERATION POLICY

During the year under review, the Group continued to strengthen its staff quality through staff development and training programmes. The Group had 47 employees as at 31 March 2020 (2019: 57). Remunerations are commensurate with the nature of job, staff experience and market conditions.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to all management and staff for their diligence and continuing support.

ON BEHALF OF THE BOARD

Ms. Zhou Yaying
Chairman

Hong Kong, 29 June 2020

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of corporate governance in maintaining its corporate transparency and accountability. The Board sets appropriate policies and implements corporate governance practices in accordance with the needs of the Group's business.

The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

In the opinion of the Board, during the year ended 31 March 2020, the Company has complied with the code provisions set out in the CG Code, except for the code provisions A.4.1. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviations are summarized below.

A. THE BOARD

A1. Responsibilities and Delegation

The Board is responsible for the leadership, control and management of the Company and oversees the Group's business, strategic decisions and performances in the attainment of the objectives of ensuring effective functioning and growth of the Group and enhancing value to investors. All the directors carry out their duties in good faith and act in the interests of the Group.

All directors have timely access to all relevant information as well as the advices and services of the Company Secretary and management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

The Executive Committee and the management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. The Board has the full support of the management to discharge its responsibilities.

A. THE BOARD (continued)

A2. Board Composition

The Board currently comprises the following directors:

Executive directors:

Ms. Zhou Yaying *(Chairman of the Board, member of the Executive Committee, Remuneration Committee and Nomination Committee)*
Mr. Wei Liang *(Chief Executive Officer and member of the Executive Committee)*
Ms. Hong Jingjuan *(Member of the Executive Committee)*
Mr. Tang Wing Cheung Louis *(Member of the Executive Committee)*

Independent non-executive directors:

Mr. Yiu To Wa *(Chairman of both the Audit Committee and Nomination Committee)*
Mr. Tse Kwong Chan *(Chairman of the Remuneration Committee, member of the Audit Committee and Nomination Committee)*
Mr. Lau Leong Yuen *(Member of the Audit Committee and Remuneration Committee)*

Throughout the year ended 31 March 2020, the Board has met the requirements of Listing Rules 3.10 and 3.10A of having at least three independent non-executive directors (representing at least one third of the Board) with one of them possessing appropriate professional qualifications and accounting and related financial management expertise.

The members of the Board have skills and experience appropriate for the business requirements and objectives of the Group. The independent non-executive directors bring different business and financial expertise, experience and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participating in Board meetings and taking the lead in managing issues involving potential conflict of interests, the independent non-executive directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

The Company also recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board will take into account a number of measurable objectives to achieve its diversity, including but not limited to gender, age, cultural and educational background, or professional experience. Such objectives, if any, will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

The biographical details of the directors of the Company are set out under the section headed "Brief Biographical Details in respect of Directors and Senior Management" in this annual report. None of the members of the Board is related to one another.

The Company has received written annual confirmation from each independent non-executive director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in light of the independence guidelines set out in the Listing Rules.

A. THE BOARD (continued)

A3. Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Bye-laws (the "Bye-laws"). According to the Bye-laws, one-third of the directors for the time being (if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting provided that every director shall be subject to retirement at an annual general meeting at least once every three years. In addition, any new director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the first general meeting after appointment. The retiring directors are eligible for re-election by the shareholders at the respective general meetings.

Code provision A.4.1 of the CG Code stipulates that non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. An independent non-executive director of the Company, namely Mr. Tse Kwong Chan, is not appointed for a specific term. However, all of the Company's independent non-executive directors are subject to retirement by rotation and re-election by shareholders at the annual general meeting pursuant to the Bye-laws provisions as mentioned above. Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

A4. Induction and Continuing Development for Directors

Each newly appointed director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and relevant legal and regulatory requirements.

All the directors understood the importance of continuous professional development and were committed to participating in any suitable training or reading relevant materials in order to maintain and enhance their knowledge and skills. They are continually updated with legal and regulatory developments, and the business and market changes to refresh their knowledge and to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors are arranged whenever necessary. In addition, reading materials on new or changes to salient laws and regulations applicable to the Group are provided to directors from time to time for their studying and reference.

A. THE BOARD (continued)

A4. Induction and Continuing Development for Directors (continued)

During the year ended 31 March 2020, pursuant to code provision A.6.5 of the CG Code, all directors received regular briefings and updates from the Company Secretary on the Group's business, operations and corporate governance and compliance matters; and read publications, journals, books and other reading materials in relation to regulatory updates, financial reporting and corporate management. All Directors confirmed that they have complied with the CG code provision A.6.5. A summary of the trainings relating to corporate governance and regulatory updates received by the directors for the year ended 31 March 2020 is as follows:

Name of directors	Attending training/ seminars	Reading relevant materials
Executive directors		
Ms. Zhou Yaying	✓	✓
Mr. Wei Liang	✓	✓
Ms. Hong Jingjuan	✓	✓
Mr. Tang Wing Cheung Louis	✓	✓
Independent non-executive directors		
Mr. Tse Kwong Chan	✓	✓
Mr. Yiu To Wa	✓	✓
Mr. Lau Leong Yuen	✓	✓

A5. Directors' Attendance Records

The attendance records of each director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 March 2020 are set out below:

	Attendance/Number of Meetings					
Name of Director	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting	Special General Meeting
Executive directors:						
Ms. Zhou Yaying	22/22	N/A	1/1	1/1	1/1	1/1
Mr. Wei Liang	22/22	N/A	N/A	N/A	1/1	1/1
Ms. Hong Jingjuan	22/22	N/A	N/A	N/A	1/1	1/1
Mr. Tang Wing Cheung Louis	21/22	N/A	N/A	N/A	1/1	1/1
Independent non-executive directors:						
Mr. Tse Kwong Chan	21/22	2/2	1/1	1/1	1/1	0/1
Mr. Yiu To Wa	22/22	2/2	N/A	1/1	1/1	1/1
Mr. Lau Leong Yuen	20/22	2/2	1/1	N/A	1/1	1/1

In addition, the Chairman of the Board held a meeting with the independent non-executive directors without the presence of executive directors during the year under review.

A. THE BOARD (continued)

A6. Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code"). Having made specific enquiry of all the Company's directors, they confirmed that they have complied with the required standard set out in the Own Code throughout the year ended 31 March 2020.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Where the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

A7. Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the CG Code.

During the year under review, the Board has (i) reviewed and developed the Company's corporate governance policies and practices, (ii) reviewed and monitored the training and continuous professional development of the directors and management, (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, (iv) reviewed and monitored the compliance of the Own Code and the Employees Written Guidelines, and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

A8. Directors' Insurance

The Company has arranged appropriate insurance cover in respect of the legal action against the directors.

A9. Board Diversity Policy

The Board adopted a board diversity policy which aims to set out the approach to achieve diversity on the Board. The Company aims to build and maintain a Board with a diversity of Directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender appropriate for the requirements of the business development of the Group.

B. BOARD COMMITTEES

The Board has four Board committees, namely, the Executive Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website (www.hkexnews.hk) and on the Company's website (except for the written terms of reference of the Executive Committee which is available to shareholders upon request). All the Board committees should report to the Board on their decisions or recommendations made.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B1. Executive Committee

The Executive Committee currently comprises all the executive directors of the Company with the Chairman of the Board, Ms. Zhou Yaying, acting as the chairman of such Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decisions. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

B2. Remuneration Committee

The Remuneration Committee currently comprises a total of three members, being Ms. Zhou Yaying, the Company's executive director, Mr. Tse Kwong Chan and Mr. Lau Leong Yuen, the Company's independent non-executive directors. The majority of the Remuneration Committee members are independent non-executive directors. The chairman of the Remuneration Committee is Mr. Tse Kwong Chan.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure, the remuneration packages of executive directors and members of senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code is adopted) and the remuneration of non-executive directors. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

During the year under review, the Remuneration Committee has performed the following major works: (i) reviewed the remuneration policy and structure of the Group and made recommendation to the Board; and (ii) reviewed the remuneration packages of the directors and management.

B. BOARD COMMITTEES (continued)

B2. Remuneration Committee (continued)

The attendance records of each Committee member at the one Remuneration Committee meeting held during the year ended 31 March 2020 are set out in section A5 above.

Details of the remuneration of each director of the Company for the year ended 31 March 2020 are set out in note 11 to the consolidated financial statements contained in this annual report.

B3. Audit Committee

The Audit Committee currently comprises a total of three members, being the three existing independent non-executive directors, namely Mr. Yiu To Wa, Mr. Tse Kwong Chan and Mr. Lau Leong Yuen. The chairman of the Audit Committee is Mr. Yiu To Wa. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

During the year under review, the Audit Committee has performed the following major works:

– Reviewed and discussed the annual financial statements, results announcement and report for the year ended 31 March 2019, the related accounting principles and practices adopted by the Group and the relevant audit findings, and the major audit issues reported by the auditor before submission to the Board.

– Reviewed and discussed the interim financial statements, results announcement and report for the six months ended 30 September 2019, and the related accounting principles and practices adopted by the Group.

– Reviewed the relationship with the external auditor by reference to the work performed by the auditor, audit fees and terms of engagement, and make recommendation to the Board on the re-appointment of external auditor.

– Reviewed the internal control and risk management matters and internal audit function of the Group, and made recommendation to the Board.

The attendance records of each Committee member at the two Audit Committee meetings held during the year ended 31 March 2020 are set out in section A5 above.

B. BOARD COMMITTEES (continued)

B3. Audit Committee (continued)

The Audit Committee met regularly with the Company's external auditor to discuss issues arising from the audit and financial reporting matters.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

B4. Nomination Committee

The Nomination Committee currently comprises a total of three members, being Ms. Zhou Yaying, the Company's executive director, Mr. Yiu To Wa and Mr. Tse Kwong Chan, the Company's independent non-executive directors. The majority of the Nomination Committee members are independent non-executive directors. The chairman of the Nomination Committee is Mr. Yiu To Wa.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and recommending any changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular, the Chairman and the Chief Executive Officer of the Company.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to carry out his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

During the year under review, the Nomination Committee has performed the following major works: (i) reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group; (ii) made recommendation to the Board on the re-election of the retiring directors at the 2019 annual general meeting; and (iii) assessed the independence of all the Company's independent non-executive directors.

The attendance records of each Committee member at the one Nomination Committee meeting held during the year ended 31 March 2020 are set out in section A5 above.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2020.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

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

D. RISK MANAGEMENT AND INTERNAL CONTROLS

Risk management forms part of management's core responsibility and is an integral part of the internal control of the Group.

The Board acknowledges its responsibility for risk management and internal control systems to safeguard the Group's assets and stakeholders' interests, as well as to provide reliable financial information for internal and external use together with compliance of applicable laws, rules and regulations. The Board also acknowledges its responsibility for reviewing the effectiveness of such systems an ongoing basis. Such 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.

Risk management framework

The Group's risk management and internal control systems are designed to manage and mitigate risks, rather than eliminate risks. Risk assessment and internal control management is a critical focus for all levels, including but not limit to financial, operational and compliance controls.

The Group's risk management framework and principles are applied through a hybrid of top-down and bottom-up processes. The top-down risk assessment process captures management's perspective of risks across strategic horizons, while the bottom-up process involves the identification of risks at all operating and supporting functions areas. Results from the two risk assessments are consolidated to give a broader understanding of the Group's consolidated risk profile.

Risk management process

The risk management and internal control process involves identification, assessment, internal control, mitigation and monitoring as follows:

1. Identification

It identifies the potential risks or opportunities that may arise.

D. RISK MANAGEMENT AND INTERNAL CONTROLS (continued)

Risk management process (continued)

2. Assessment

It follows events identification and precedes risk response. Its purpose is to assess how the risks are, both individually and collectively, in order to draw management's attention to the most important threats and opportunities, and to lay the groundwork for risk response.

3. Internal control

It is decided on a course of action to address the risks identified, to ensure that an issue may not be developed, where the potential threat is realised. The Group's internal control system includes policies and procedures covering compliance controls, project development, business control, financial reporting, budgeting and human resources system to enhance the risk awareness culture as well as the effectiveness in handling risks that have been identified and assessed.

4. Mitigation and monitoring

Mitigation and monitoring processes ensure appropriate risk responses and controls are in place, and are reviewed yearly by the Board and Audit Committee.

All levels of management work together to maintain and improve risk management and internal control framework that lowers risks to an acceptance level and assist the Group in achieving its goals and objectives.

Review of risk management & internal control systems

The Group also engaged external consultants to carry out an annual independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational and compliance controls together with recommendations submitted to the Audit Committee for their consideration in order to improve the effectiveness of the systems.

The Board, through its review and the review made by risk management and internal control function and Audit Committee of the Company, concluded that the risk management and internal control systems for the year ended 31 March 2020 were effective and adequate, covering the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit and financial reporting functions.

Regarding the handling and dissemination of inside information, the Group has practice policy in place.

E. COMPANY SECRETARY

The Company Secretary has complied with Rule 3.29 of the Listing Rules by taking relevant professional training during the year under review.

F. DIVIDEND POLICY

The Company in general meeting may from time to time declare dividends in any currency to be paid to the shareholders of the Company but no dividend shall be declared in excess of the amount recommended by the Board and the Board may from time to time pay to the shareholders such interim dividends as appear to the Board to be justified by the profits of the Company, in accordance with the provision of the memorandum of association and Bye-laws of the Company and the Companies Act 1981 of Bermuda (as amended from time to time) (the “Companies Act 1981”).

In accordance with the applicable requirements of the Bye-laws and the Companies Act 1981, the Company shall not declare or pay a dividend, or make a distribution out of profits available for distribution if:

(a) it would render the Company unable to pay its liabilities as they become due; or

(b) the realisable value of the Company’s assets would thereby become less than its liabilities.

In addition to cash, dividends may be distributed in the form of shares. The Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient.

In respect of any dividend that the Board or the Company in general meeting has resolved that such to be paid or declared on any class of the share capital of the Company, the Board may further resolve either:

(i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment; or

(ii) that the shareholders entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

The declaration of dividends is subject to the discretion of the Board, which will take into account, inter alia, the following factors when considering the payment or declaration of dividends:

(a) the Group’s actual and expected operations, financial performance and conditions and liquidity position;

(b) the shareholders’ interests;

F. DIVIDEND POLICY (continued)

(c) the retained earnings and distributable reserves of the Company and each of the members of the Group;

(d) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(e) the Group's expected working capital requirements and future expansion plans;

(f) statutory and regulatory restrictions;

(g) general economic conditions and other internal or external factors that may have any impact on the business or financial performance and position of the Company; and

(h) any other factors that the Board deems appropriate.

The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. The Board will continue to review the dividend policy and reserve the right in its sole and absolute discretion to update, amend and/or modify the dividend policy from time to time, and the dividend policy shall in no way constitute an assurance or a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend in any particular amount for any given period.

G. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 March 2020 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to CHENG & CHENG LIMITED, the Company's external auditor, in respect of audit services and non-audit services for the year ended 31 March 2020 are analysed below:

Type of services provided by the external auditor	**Fees paid/payable**
	HK$
Audit services	800,000
Non-audit services	150,000
	950,000

H. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables shareholders and investors to make the best investment decision.

The Company maintains a website at www.986.com.hk, as a communication platform with shareholders and investors, where information and updates on the Company's financial information and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: Room 910, 9/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong
Fax no.: (852) 2536 0289

Inquiries are dealt with in an informative and timely manner.

Besides, shareholders' meetings provide an opportunity for communication between the Board and the shareholders. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

I. SHAREHOLDER RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. The Company's shareholders may convene a special general meeting or put forward proposals at shareholders' meetings pursuant to the Companies Act 1981 of Bermuda and the Bye-laws as follows:

(1) Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the Board to convene a special general meeting pursuant to Bye-law 58 of the Bye-laws by sending a written requisition to the Board or the Company Secretary at the Company's principal place of business in Hong Kong. The objects of the meeting must be stated in the written requisition.

(2) Shareholder(s) representing not less than one-twentieth of the total voting rights at the date of the requisition or not less than 100 shareholders may put forward a proposal at a shareholders' meeting, pursuant to the Companies Act 1981 of Bermuda, by sending a written requisition to the Board or the Company Secretary at the Company's registered office/principal place of business in Hong Kong. The proposal should be stated in the written requisition and such written requisition should be submitted as early as practicable to enable the Company to make necessary arrangement (in case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and in case of any other requisition, not less than one week before the meeting).

I. SHAREHOLDER RIGHTS (continued)

(3) If a shareholder wishes to propose a person other than a retiring director for election as a director of the Company at a general meeting, the shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's principal place of business in Hong Kong, or the office of the Company's branch share registrar at least 7 days prior to the date of the general meeting. Where the notices are submitted after the dispatch of the notice of the general meeting, the period for lodgement of such notices should commence on the day after the dispatch of the notice of such general meeting and end no later than 7 days prior to the date of such general meeting.

For the avoidance of doubt, shareholder(s) must provide their full name, contact details and identification, in the original signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of shareholder(s) may be disclosed as required by law.

During the year under review, the Company has not made any changes to the Bye-laws. An up-to-date version of the Bye-laws is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the Bye-laws for further details of their rights.

All resolutions put forward at shareholders' meetings of listed issuers shall be voted by poll pursuant to the Listing Rules. The poll voting results shall be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.986.com.hk) after a shareholders' meeting.

Environmental, Social and Governance Report

INTRODUCTION, ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

China Environmental Energy Investment Limited (the "Company", together with its subsidiaries, collectively "the Group") is principally engaged in Design, Originally Equipment Manufacturer ("OEM") and Marketing of Jewellery as well as Money Lending businesses.

This Environmental, Social and Governance Report (the "ESG Report") summarises the environmental, social and governance ("ESG") initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

The Group adheres to the management policies of sustainable ESG development. The Group is also committed to handling the Group's ESG affairs effectively and responsibly, which is integrated as one of the core components of its business strategy as the Group believes this is the key to its continuous success in the future.

The ESG Governance Structure

The Group has established the ESG Taskforce (the "Taskforce"). The Taskforce comprises core members from different departments and is responsible for collecting relevant information on the Group's ESG aspects for preparing the ESG Report. The Taskforce reports to the board of directors (the "Board"), assists in identifying and evaluating the Group's ESG risks and the effectiveness of the internal control mechanisms. The Taskforce also examines and evaluates the Group's performances in different aspects such as environment, health and safety, labour standards and product responsibilities in the ESG aspects. The Board sets up a general direction for the Group's ESG strategies, ensuring the effectiveness in the control of ESG risks and internal control mechanisms.

SCOPE OF REPORTING

Unless specified otherwise, the ESG Report covers the Group's two operating segments, which are also reported in the Group's Annual Report 2020, including the Design, OEM and Marketing of Jewellery as well as Money Lending businesses which are operating in a Hong Kong retail shop and a Hong Kong office. The ESG Report focuses on the Group's policies, compliance issues as well as environmental key performance indicators ("KPIs") in two subject areas, namely, Environmental and Social of the above segments under the Group's operations. The Group will continue to expand the scope of disclosure in the future when the Group's data collection system become more mature and the sustainable development work is enhanced.

REPORTING FRAMEWORK

The ESG Report has been prepared in compliance with all applicable provisions set out in the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") contained in Appendix 27 to the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

For the Group's corporate governance practices, please refer to the section of "Corporate Governance Report" contained in the Group's Annual Report 2020.

REPORTING PERIOD

The ESG Report describes the ESG activities, challenges and measures taken by the Group during the year ended 31 March 2020 ("2020").

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their views related to its business and ESG issues. In order to understand and address stakeholders' concerns, the Group has been maintaining close communication with its stakeholders through a variety of engagement channels. In formulating operational strategies and ESG measures, the Group takes into account stakeholders' expectations and strives to improve its performance through mutual cooperation to create greater value for society.

Stakeholders	Expectations and Concerns	Engagement Channels
Internal Stakeholders		
The Board	Financial performance Operational sustainability	Internal announcements and publications Board meeting
Management	Health and safety of working environment Operational sustainability	Internal announcements and publications Direct email
Employees	Staff salary and benefits Health and safety of working environment Training and development Career development	Suggestion boxes Regular performance reviews and interviews Internal announcements and publications Training
External Stakeholders		
Investors or Shareholders	Corporate governance Return on investment Business compliance	Annual general meeting Financial reports Announcements and circulars
Government or Regulatory Bodies	Compliance with laws and regulations Stability in business operations Support for local economic growth	Regular communication with authorities Press releases and announcements Written or electronic correspondences
Suppliers	Engagement and cooperation Business meetings and discussion Site visits	Supplier management meetings and events Supplier on-site inspection Procurement manager
Customers	Quality of products and services Meeting customer's requirements Rapid response and customer satisfaction	Customer satisfaction survey Customer service team Customer support hotline and email
Banks	Repay loans on time Operate in an honest and credible manner Closely monitor operating conditions	Post-loan tracking On-site visits Work conferences
Media and Communities	Corporate responsibility Compliance with regulations Community investment	Company website Regular reports and announcements ESG report

MATERIALITY ASSESSMENT

The Group engaged and commissioned a professional firm in preparing the ESG Report, and the firm conducted a materiality assessment in the form of a management interview during the preparation process. Sustainability related issues which are material to the Group were identified during the process, and the results are disclosed in later sections of this ESG Report.

Since the business operations of the Group affect multiple stakeholders, stakeholder expectations on the Group may vary. To enhance the materiality assessment, the Group will continue to expand stakeholder engagement to collect a diverse range of stakeholders' views through various channels.

The following table is a summary of the Group's material ESG issues included in this ESG Report:

The ESG Reporting Guide	Material ESG Aspects of the Group
A. Environmental	
A1. Emissions	Air and Greenhouse Gas ("GHG") Emissions Sewage Discharge into Water and Land Waste Management
A2. Use of Resources	Energy Consumption Water Consumption Use of Packaging Material
A3. The Environment and Natural Resources	Indoor Air Quality
B. Social	
B1. Employment	Recruitment, Promotion and Remuneration Retirement and Dismissal Working Hours and Rest Periods Equal Opportunities, Diversity and Anti-discrimination
B2. Health and Safety	Operational Health and Safety
B3. Development and Training	Training and Development
B4. Labour Standards	Prevention of Child and Forced Labour
B5. Supply Chain Management	Supplier Assessment Fair and Open Procurement
B6. Product Responsibility	Advertising and Labelling Customer Services Data Protection
B7. Anti-corruption	Anti-corruption
B8. Community Investment	Corporate Social Responsibility

MATERIALITY ASSESSMENT (continued)

The Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advices in respect of the ESG Report or the Group's performances in sustainable development by fax to (852) 2536 0289.

A. ENVIRONMENTAL

A1. Emissions

General Disclosure and KPIs

The Group adheres to the strategy of sustainable development in its operation. With the aim to reduce energy consumption and GHG emissions, the Group has always been exploring protection operating models of less impact to the environment, recognising the importance of environmental management, and striving to protect the environment in order to fulfil the Group's commitment on social responsibility.

The Group closely follows the latest national and regional environmental protection laws and regulations, thereby focusing on strengthening environmental protection measures to comply with related local laws and regulations and fully implement environmental policies.

The responsible persons in charge of the Group's environmental affairs supervise the implementation of the related environmental protection policies and measures. Under the stringent supervision and guidance, various departments endeavour to implement the Group's environmental protection policies and ensure all operation processes have complied with the legal requirements. The responsible persons of environmental protection review the Group's policies and implementation procedures continuously, and report to the management appropriately. Recommendations would be made if necessary.

For the year ended 31 March 2020, the Group did not have any violation of relevant local environmental laws and regulations in relation to air and GHG emissions, water and land discharge, and the generation of hazardous and non-hazardous wastes including but not limited to the Air Pollution Control Ordinance, Water Pollution Control Ordinance and Waste Disposal Ordinance that would have a significant impact on the Group.

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

***General Disclosure and KPIs** (continued)*

Air and GHG Emissions

Air Emissions

The Group examined the issue of air emissions associated with its operations. Due to its business nature, the main source of air emissions from the Group is the use of motor vehicles and vessel, which consumes petrol and diesel as fuel source.

The summary of air emissions performances:

Air Emissions	Unit	2020	2019
Nitrogen oxides (NOx)	kg	7.53	7.30
Sulphur oxides (SOx)	kg	0.36	0.20
Particulate matter (PM)	kg	0.55	0.50

GHG Emissions

The major sources of the Group's GHG emissions are direct GHG emissions (Scope 1) from combustion of petrol for vehicles and diesel for vessel, energy indirect GHG emissions (Scope 2) from purchased electricity and other indirect GHG emissions (Scope 3) from the paper waste deposed at landfills and employee business travel. The Group has adopted the following measures to reduce GHG emissions during its operation:

- Actively adopt environmental protection, energy conservation and water conservation measures which are described in the sections headed "Energy Consumption" and "Water Consumption" under aspect A2; and

- Actively adopt measures to reduce paper use in office which are described in the section headed "Waste Management" under this aspect.

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

***General Disclosure and KPIs** (continued)*

Air and GHG Emissions (continued)

GHG Emissions (continued)

Through the implementation of such measures, the employees' awareness of reducing GHG emissions has been increased. The total GHG emissions was increased by approximately 34.67% from 54.40 tCO_2e in 2019 to 73.26 tCO_2e in 2020. The main reason was the increase in business activities.

The summary of GHG emissions and its intensity performance:

Indicator[1]	Unit	2020	2019
Direct GHG emissions (Scope 1) – Petrol and diesel	tCO_2e	62.80	41.90
Energy indirect GHG emissions (Scope 2) – Purchased electricity	tCO_2e	3.74	10.20
Other indirect GHG emissions (Scope 3) – Paper waste disposed at landfills and employee business travel	tCO_2e	6.72	2.40
Total GHG emissions	tCO_2e	73.26	54.40
Total GHG emissions intensity[2]	tCO_2e/million HKD revenue	0.81	0.39

Note:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong Limited, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report and the HK Electric Investments Sustainability Report 2019 published by the HK Electric and Sustainability Report 2019 published by CLP.

2. For the year ended 31 March 2020, the Group's revenue was approximately HK$90.54 million (2019: approximately HK$137.59 million). The data is also used for calculating other intensity data.

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

General Disclosure and KPIs *(continued)*

Sewage Discharge into Water and Land

The Group did not consume significant volume of water through its daily operation, and therefore its business activities did not generate material portion of discharge into water. The majority of the water supply and discharge facilities are provided and managed by the property management company.

Waste Management

Hazardous Waste Management

Due to the Group's business nature, there was no material hazardous waste generated by the Group for the year ended 31 March 2020.

Non-hazardous Waste Management

Non-hazardous waste generated by an office-based and retail shop operations would mainly be office paper. Therefore, the daily general wastes and disposal of office paper were considered as the major non-hazardous wastes.

The Group continues to place great effort in educating its employees on the importance of reducing paper and waste production and has adopted the following environmentally friendly initiatives to enhance its performance. Green measures include but not limited to the followings:

- Use of electronic communication channels for information sharing;
- Reuse paper that are used on one side for drafting, photocopying and fax deliveries;
- Utilise paper by adjusting document's margins, font size and printer settings;
- Avoid using paper cups; and
- Utilise handkerchiefs or hand dryers for the reduction on tissue or paper towels.

The total non-hazardous waste was decreased by approximately 66.07% from 564.00 kg in 2019 to 191.34 kg in 2020. The main reason was the disposal of financial services segment with its operating office which used to generate more office paper and general wastes in its operation.

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

***General Disclosure and KPIs** (continued)*

Waste Management (continued)

Non-hazardous Waste Management (continued)

The summary of major non-hazardous wastes and its intensity performance:

Indicators	Unit	2020	2019
Paper	kg	16.34	208.00
General wastes	kg	175.00	356.00
Total non-hazardous wastes	kg	191.34	564.00
Total non-hazardous wastes intensity	kg/million HKD revenue	2.11	4.09

A2. Use of Resources

General Disclosure and KPIs

The Group takes the initiative to introduce green measures to reduce environmental impact arising from its business operations. Measures on reducing office paper waste are mentioned in the preceding aspect of "Waste Management".

Energy Consumption

The Group has implemented policies to better govern the use of resources. However, given the Group's simple business nature, the variety of applicable green measures is limited. Nevertheless, the Group strives to further reduce energy consumption by adopting the following energy-saving measures:

- Adjust air conditioners' temperature to 25.5° C;
- Switch off all idle appliances and unnecessary lightings upon leaving the office;
- Use stairs instead of lifts when possible;
- Set computers on energy saving modes; and
- Purchase equipment with high energy efficiency on the replacement of old equipment.

A. ENVIRONMENTAL (continued)

A2. Use of Resources (continued)

***General Disclosure and KPIs** (continued)*

Energy Consumption (continued)

Through the implementation of such measures, the total energy consumption was decreased by approximately 20.73% from 308.93 MWh in 2019 to 244.88 MWh in 2020. The main reason was the disposal of financial services segment with its operating office.

The summary of energy consumption and its intensity performance:

Energy Type	Unit	2020	2019
Petrol	MWh	136.80	123.22
Diesel	MWh	103.29	172.86
Total direct energy consumption	MWh	240.09	296.08
Electricity	MWh	4.79	12.85
Total indirect energy consumption	MWh	4.79	12.85
Total energy consumption	MWh	244.88	308.93
Total energy consumption intensity	MWh/million HKD revenue	2.70	2.24

Water Consumption

The Group encourages all employees and customers to develop the habit of conscious water conservation. The Group has been enhancing its water conservation promotion. The Group's water consumption is mainly water consumed in office and retail shop. The Group's water consumption expenses are included in the property management fee, therefore the Group did not have water consumption record for the year ended 31 March 2020. Due to its operating locations, the Group does not encounter any significant issue in sourcing water that is fit for purpose.

The Group is dedicated in promoting behavioural changes in water usage at office and retail shop and encourage water conservation. Environmental signages on water-saving messages are posted in prominent places to remind employees to conserve water.

A. ENVIRONMENTAL (continued)

A2. Use of Resources (continued)

***General Disclosure and KPIs** (continued)*

Use of Packaging Material

For the year ended 31 March 2020, the Group has generated insignificant paper bags and boxes in its operations. The Group has made great effort to reduce the usage as much as possible with a view to protecting the environment.

The summary of use of packaging material and its intensity performance:

Indicators	Unit	2020	2019
Packaging material	kg	1.00	N/A
Packaging material intensity	kg/million HKD revenue	0.01	N/A

A3. The Environment and Natural Resources

General Disclosure and KPIs

Although the core business of the Group has a limited impact on the environment and natural resources, as an ongoing commitment to good corporate social responsibility, the Group realises its responsibility in minimising any negative environmental impacts in its business operations. The Group regularly assesses the environmental risks of its business and adopts preventive measures to reduce the risks and ensures compliance with relevant laws and regulations.

Indoor Air Quality

Indoor air quality is regularly monitored and measured. For the year ended 31 March 2020, the indoor air quality of the Group's office and retail shop has been satisfactory. To improve indoor air quality, air purifying equipment has been installed in the office and the air conditioning system is cleaned periodically. These measures help to maintain indoor air quality at a satisfactory level by filtering out pollutants, contaminants and dust particles.

B. SOCIAL

B1. Employment

General Disclosure

The daily operation of the Group involves its team of professionals and qualified employees serving distinguishable clients. The Group values staff equality and it is dedicated to providing its staff with equal and fair treatment. In addition, compliance to laws and regulations have always been one of the Group's guiding principles. The Group will monitor and improve in areas as needed, and continue to grow sustainably and in a socially responsible manner.

For the year ended 31 March 2020, the Group did not aware of any material non-compliance of laws and regulations including but not limited to the Regulation on Work-Related Injury Insurances, Sex Discrimination Ordinance, Employment Ordinance and Employees' Compensation Ordinance that would have a significant impact on the Group.

Recruitment, Promotion and Remuneration

Employees are recruited via a robust, transparent and fair recruitment process based on their merits and their potential to fulfil the Group's current and future needs. The Group enters into written employment contracts with all employees that sets out the employees' responsibilities, remuneration and grounds for termination of employment. The Group's Staff Handbook is issued and provided as a guidance for its employees, communicating the goals, policies and procedures of the Group as well as expectations for employees' conducts.

The Group periodically assesses the performance of the employees and evaluates their current salaries, bonus and promotion opportunities. The Group also gives preference to internal promotion to encourage consistent contribution and effort.

To ensure the Group's remuneration scheme remains competitive with respect to the market, the Group established a Remuneration Committee, and with its role and function set out in specific written terms of reference in accordance with the provisions set out in the Corporate Governance Code ("CG Code"). The principal duties of the Remuneration Committee include providing recommendations to the Board towards the Company's Remuneration Policy and structure. The Remuneration Committee is also responsible for reviewing remuneration packages of executive directors and members of senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code is adopted), as well as the remuneration of non-executive directors. The Remuneration Committee is also responsible for establishing transparent procedures for developing such Remuneration Policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration. Instead, remuneration will be determined with reference to the performance of the individual and the Group as well as market practice and conditions.

B. SOCIAL (continued)

B1. Employment (continued)

***General Disclosure** (continued)*

Recruitment, Promotion and Remuneration (continued)

The Group offers competitive remuneration package and employee benefits according to their job requirements and individual performance, and bonus shall be awarded to employees whom served for a full year as an encouragement for hard work. The Group also provides general medical insurance to its employees which covers in or out-patient and Chinese medicine treatment. To maintain the competitiveness of the Group's Remuneration Policy, it is regularly reviewed by its Remuneration Committee, and revised in accordance with market trends. The Group's Remuneration Policy is designed to ensure a clear and flexible guideline to accommodate all of its employees working under various types of job duties such that they can enjoy a consistent set of benefits. In order to enhance employees' sense of belonging and team spirit, the Group regularly organises Group activities and encourages all employees to participate to increase the level of interaction between employees.

Retirement and Dismissal

The Group participates in the Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees employed.

All employees are covered under the Employees' Compensation Ordinance upon joining the Group. The statute provides protection to employees who sustain personal injury by accident or disease arising out of the course of employment. Unreasonable dismissal under any circumstances is strictly prohibited, dismissal would be based on reasonable and lawful grounds supported by internal policies of the Group.

Working Hours and Rest Periods

The provision of remuneration and benefits plays a critical role in the ability to attract, retain and motivate the Group's workforce. The Group offers a wide variety of leave entitlements for different circumstances such as maternity leave, paternity leave, marriage leave, study leave, compassionate leave, and compensation leave.

Equal Opportunities, Diversity and Anti-discrimination

As an equal opportunity employer, the Group treats all employees on equal footing in regards to matters related to recruitment, remuneration and promotion. The Group ensures that employees are not discriminated due to any reason, including not limited to, gender, race, physical disability, marital status, religion, political opinion or sexual orientation.

B. SOCIAL (continued)

B1. Employment (continued)

***General Disclosure** (continued)*

Equal Opportunities, Diversity and Anti-discrimination (continued)

To maintain an equal opportunity workplace, the Group has established a grievance mechanism for employees, as well as for suppliers and customers, to report any suspected discrimination or harassment incidents to department heads and/or to the human resources department. All reported cases are investigated confidentially and in a timely manner. For the year ended 31 March 2020, there was no report of any discrimination or harassment incidents within the Group.

B2. Health and Safety

General Disclosure

The Group highly recognises the importance of health and safety of our employees. The Group commits to provide employees with a healthy, safe and comfortable working environment and strive to eliminate potential health and safety hazards at the workplace.

Occupational Health and Safety

Operational health and safety are among the top priorities in the Group, and it strives to maintain high occupational safety and health standards to ensure that its employees work under a safe and comfortable working environment. The Group's employees are advised to take extra attention during daily operation to avoid occupational-related accidents, and the Group's senior management consistently offers safety tips and recommends maintaining appropriate conduct during operation.

For the year ended 31 March 2020, the Group did not record any accidents that resulted in death or serious physical injury and no claims or compensation were paid to its employees due to such events. The Group strictly enforces relevant laws and regulations including but not limited to the Occupational Safety and Health Ordinance.

B3. Development and Training

General Disclosure

Training and Development

The Group recognises the importance of providing for its employees with professional training to continuously enhance their technical knowledge, and keeping abreast of the latest developments of the Listing Rules and the money lending market for its money lending business.

B. SOCIAL (continued)

B3. Development and Training (continued)

***General Disclosure** (continued)*

Training and Development (continued)

The Group also observes the Guidelines on Continuous Professional Training set out under the Money Lenders Ordinance. The Group arranges and ensures that Directors of the Group are provided with adequate training, such as corporate finance, pursuant to the Listing Rules. Furthermore, the Group supports and encourages its directors and employees in fulfilling their respective professional training requirements, encouraging them to attend trainings and industry updates organised by various professional bodies such as Registrar of Money Lenders and the Commissioner of Police.

For other business units of the Group, a comprehensive training management system has been designed to accommodate needs for different types of employees. On top of organising induction trainings for new recruits, the Group arranges trainings for senior staff in order to help team bonding and communications within the team.

Apart from internal training programmes, Directors and employees are encouraged to enrol in external training relevant to their work. For the year ended 31 March 2020, the Group's staff members have participated in over 50 training workshops organised by the Hong Kong Institute of Directors, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries covering various aspects such as equity markets, market trends and regulatory updates. To support its Directors and employees to further develop their competencies, the cost attending external trainings was sponsored by the Group.

B4. Labour Standards

General Disclosure

Prevention of Child and Forced Labour

The Group is fully aware that all forms of child labour and forced labour violate fundamental human rights, International Labour Conventions, and also pose as a threat to sustainable social and economic development.

The Group not only strictly complies with the relevant laws and regulations, but also establishes standards, grievance and communication mechanisms with reference to the International Bill of Human Rights for reporting of any suspected violation of labour laws. The Group prohibits the use of child labour by carefully reviewing the actual age of job applicants in the recruitment process, which includes the examination of identity documents. The Group is also committed to prohibiting forced labour.

For the year ended 31 March 2020, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations including but not limited to the Employment Ordinance, Mandatory Provident Fund Schemes Ordinance and Employee's Compensation Ordinance that would have a significant impact on the Group.

B. SOCIAL (continued)

B5. Supply Chain Management

General Disclosure

The Group highly values the importance of potential environmental and social risks management in its supply chain. For the effective monitoring of procurement procedures and cost control, increasing management transparency in procurement, the Group has established a stringent and standardised Internal Control Policy for the procurement system and a systematic selection process for suppliers to ensure the fairness and openness.

Supplier Assessment

The Group expects suppliers to fulfil the standards of the terms of environment, quality, society, corporate governance and commercial ethnics. The Group requires its suppliers to create positive influences on environmental and social matters, the scopes of which mainly include operational compliance, employees' security and health, social responsibility, business ethnics and environmental protection. The Group will terminate contracts with those suppliers who may cause severe contamination or seriously social harms or have caused material environmental or social accidents. With the above assessment processes, the Group can minimise potential environmental and social risks of supply chain.

Fair and Open Procurement

The Group makes procurement on an open, fair and impartial basis without any discrimination against any particular suppliers nor corruption and bribery. Employees and any party related to the relevant supplier are forbidden to take part in the subject procurement. The Group stressed the integrity of its suppliers. The Group only selects those with good business track records and no material non-compliances or unethical behaviours.

B6. Product Responsibility

General Disclosure

The Group actively safeguards the quality of its products and services with its internal control process. The Group also maintains on-going communication with its customers and clients to ensure understanding and satisfaction of their demands and expectations, and to improve its service quality by learning their satisfactory rates.

For the year ended 31 March 2020, the Group was not aware of any material non-compliance with any laws and regulations including but not limited to the Personal Data (Privacy) Ordinance, Trade Descriptions Ordinance and Money Lenders Ordinance that would have a significant impact on the Group.

B. SOCIAL (continued)

B6. Product Responsibility (continued)

***General Disclosure** (continued)*

Customer Services

The Group reviews all complaints from customers, suppliers and partners in accordance with internal procedures and guidelines. Appropriate follow-up measures will be taken. If applicable, the Group will conduct relevant investigations to resolve complaints and make improvements accordingly. The Group believes that complaints are good opportunities to get feedback from the community and customers, so as to assure the necessity of improving its services and policies.

Data Protection

The Group recognises the protection of customers' and partners' privacy is the key for its success. Therefore, protecting and maintaining customers' privacy always remain in the first priority of the Group. The Group has established security measures to provide adequate protection and encryption for all data and information upon operation. At the same time, the Group has established strict policies for the collection and use of personal data.

Advertising and Labelling

As a Money Lender, the Group strictly complies with the laws and regulations including but not limited to the Money Lenders Ordinance and Code of Money Lending Practice. The Group is continuously reminding the employee to familiar with the requirements of the guidelines, such as any advertisement for the purpose of the money lending business, it must be clearly stated the number of the money lenders' licence, telephone hotline for handling complaints and a risk warning statement, whether in textual, audio or visual form.

B7. Anti-corruption

General Disclosure

The Group commits to managing all businesses without undue influence and has regarded honesty, integrity and fairness as its core values.

The Group adopts a "SAFE" approach ("Screen, Ask, Find, and Evaluate") at its securities business as part of its anti-money laundering and counter-terrorist financing strategy. In addition, all directors and employees are required to strictly follow the Code of Conduct and Staff Regulations to prevent potential bribery, extortion, fraud and money laundering.

For the year ended 31 March 2020, the Group was unaware of any action that has violated legal regulations and related to corruption, bribery, extortion, fraud and money laundering, including but not limited to the Securities and Futures Ordinance, Personal Data (Privacy) Ordinance and Guideline on Anti-Money Laundering and Counter-Terrorist Financing issued by the Securities and Futures Commission.

B. SOCIAL (continued)

B8. Community Investment

General Disclosure

Corporate Social Responsibility

The Group believes in shouldering the responsibility of contributing society. As a responsible corporate citizen, the Group has fulfilled its social responsibilities, and being committed to supporting various charitable and community activities. The Group hopes to foster employees' sense of social responsibility, thus encouraging them to participate in charitable activities during their work and spare time to make greater contributions to the community. The Group's senior management consistently seeks to support social initiatives and opportunity to contribute to the local development as necessary and appropriate. The Group believes that the participation in activates that repay society can increase its employees' civic awareness and establish correct values.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 (“comply or explain”)	The types of emissions and respective emissions data.	Emissions—Air and GHG Emissions, Sewage Discharge into Water and Land
KPI A1.2 (“comply or explain”)	GHG emissions in total (in tonnes) and intensity.	Emissions—Air and GHG Emissions
KPI A1.3 (“comply or explain”)	Total hazardous waste produced (in tonnes) and intensity.	Emissions—Waste Management (Not applicable—Explained)
KPI A1.4 (“comply or explain”)	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions—Waste Management
KPI A1.5 (“comply or explain”)	Description of reduction initiatives and results achieved.	Emissions—Air and GHG Emissions
KPI A1.6 (“comply or explain”)	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions—Waste Management

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources — Energy Consumption
KPI A2.2 ("comply or explain")	Water consumption in total and intensity.	Use of Resources — Water Consumption (Not applicable — Explained)
KPI A2.3 ("comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources — Energy Consumption
KPI A2.4 ("comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources — Water Consumption
KPI A2.5 ("comply or explain")	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources — Use of Packaging Material
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 ("comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources — Indoor Air Quality

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment

Report of the Directors

The directors present their annual report and the audited financial statements of the Group for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 49 to the consolidated financial statements.

BUSINESS REVIEW

The business review, including an analysis of the Group's performance during the year using financial key performance indicators and an indication of likely future development in the Group's business, is set out in "Chairman's Statement and Management Discussion and Analysis" of this annual report. Description of the principal risks and uncertainties facing by the Company can be found throughout this annual report, particularly in Notes 46 and 47 to the consolidated financial statements. These discussions form part of this "Report of the Directors".

RESULTS

The Group's loss for the year ended 31 March 2020 and the financial position of the Group at that date are set out in the consolidated financial statements on pages 59 to 156.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified and restated as appropriate, is set out below. This summary does not form part of the audited financial statements.

	Year ended 31 March				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)			
Continuing operations					
Revenue	**90,544**	137,585	35,220	68,679	44,626
(Loss)/profit before tax	**(26,970)**	(34,634)	(339,946)	28,182	(103,655)
Income tax (expense)/credit	**(855)**	(1,311)	2,508	761	265
(Loss)/profit for the year from continuing operations	**(27,825)**	(35,945)	(337,438)	27,421	(103,390)
Discontinued operation					
Loss for the year from discontinued operation	**(1,586)**	(15,511)	–	–	–
(Loss)/profit for the year	**(29,411)**	(51,456)	(337,438)	27,421	(103,390)

SUMMARY OF FINANCIAL INFORMATION (continued)

	At 31 March				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total non-current assets	**74,905**	134,241	350,603	1,047,178	1,142,540
Current assets	**267,669**	306,706	19,119	163,949	272,886
Current liabilities	**(33,563)**	(118,507)	(21,715)	(185,942)	(265,811)
Net current assets/(liabilities)	**234,106**	188,199	(2,596)	(21,993)	7,075
Total assets less current liabilities	**309,011**	322,440	348,007	1,025,185	1,149,615
Non-current liabilities	**(10,551)**	(10,158)	(10,158)	(12,448)	(51,723)
Net assets	**298,460**	312,282	337,849	1,012,737	1,097,892

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group's businesses are mainly carried out by the Company's subsidiaries established in Hong Kong, the Peoples's Republic of China ("PRC") and the British Virgin Islands while the Company itself is incorporated in Bermuda with its shares listed on the Stock Exchange. Our establishment and operations shall comply with relevant laws and regulations in Bermuda, Hong Kong, the PRC and the British Virgin Islands accordingly.

ENVIRONMENTAL PROTECTION POLICY

Details of the environmental protection policy and performance of the Group for the year ended 31 March 2020 are set out in the section headed "Environmental, Social and Governance Report" of this annual report.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 38 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as the Company's share option scheme disclosed in note 39 to the consolidated financial statements, no equity-linked agreements were entered into by the Company during the year and subsisted at the end of the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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

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

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 March 2020, the Company does not have any reserves available for cash distribution and/or distribution in specie. In addition, the Company's share premium account in the amount of approximately HK$2,679,157,000 may be distributed in the form of fully paid bonus shares.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

During the period under review, the sales attributable to the Group's five largest customers accounted for approximately 26.84% of the total sales for the year and sales to the largest customer included therein amounted to approximately 66.57%.

During the period under review, the purchases attributable to the Group's five largest suppliers accounted for approximately 100% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 66.45%.

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

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's businesses cannot be achieved without the support from stakeholders. The Group has always paid attention to and maintained a good relationship with its customers by providing customer-oriented services. To achieve our best products and services to our customers, the Group is striving to maintain good relationship and close communication with suppliers for continual improvement of both products and services provided. The Group also values the knowledge and skills of employees. Competitive remuneration package is offered to retain high-calibre employees and make sure that their performance goals are aligned with the Group's business objectives.

DIRECTORS

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

Executive Directors

Ms. Zhou Yaying
Mr. Wei Liang
Ms. Hong Jingjuan
Mr. Tang Wing Cheung Louis

Independent Non-executive Directors

Mr. Tse Kwong Chan
Mr. Yiu To Wa
Mr. Lau Leong Yuen

In accordance with the Bye-laws and the agreement among the Board members, Ms. Zhou Yaying, Mr. Wei Liang, Ms. Hong Jingjuan and Mr. Tse Kwong Chan shall retire from office as directors of the Company at the forthcoming annual general meeting of the Company (the "AGM"). All of the above directors are eligible for re-election at the AGM.

BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT

Executive directors:

Ms. Zhou Yaying ("Ms. Zhou"), aged 37, is the Chairman of the Board and a member of the Executive Committee, Remuneration Committee and Nomination Committee. She joined the Group in April 2018. She has over 15 years of experiences of business management, business strategy formulation, sales and marketing and human resources.

Mr. Wei Liang ("Mr. Wei"), aged 42, is the Chief Executive Officer of the Company and a member of the Executive Committee. He joined the Group in May 2018. He has over 20 years of experiences of business management, trading, and property investment.

BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Executive directors: (continued)

Ms. Hong Jingjuan ("Ms. Hong"), aged 35, is an executive director and a member of the Executive Committee of the Company. She joined the Group in March 2017. She obtained her bachelor degree of human resources management from Jingqiao University in 2007. Prior to joining the Company, Ms. Hong was the marketing director of a real estate valuation company. Ms. Hong has over 10 years of experience in sales and marketing, administration and business operation.

Mr. Tang Wing Cheung Louis ("Mr. Tang"), aged 57, is an executive director and a member of the Executive Committee of the Company. He joined the Group in May 2018. He graduated from Florida International University in the United States of America in 1984 with bachelor degree in hotel management. Mr. Tang has over 10 years of experience in management, investment and provision of financial services.

Independent non-executive directors:

Mr. Tse Kwong Chan ("Mr. Tse"), aged 50, is an independent non-executive director, the Chairman of the Remuneration Committee and a member of both the Audit Committee and the Nomination Committee of the Company. He joined the Company in March 2011. He graduated from Dawson College, Canada with a degree majoring in Mathematics in 1991. Mr. Tse has over 20 years of working experience in the area of sales and marketing and management.

Mr. Yiu To Wa ("Mr. Yiu"), aged 37, is an independent non-executive director, the Chairman of the Audit Committee and Nomination Committee. He joined the Group in July 2017. He obtained his bachelor degree of business administration in professional accountancy program from The Chinese University of Hong Kong in 2005 and has been a certified public accountant of Hong Kong Institute of Certified Public Accountants since 2008. Mr. Yiu has over 10 years of experience in financial accounting and auditing of listed companies in Hong Kong.

Mr. Yiu has appointed as an Independent non-executive director of Yuk Wing Group Holdings Limited, which are listed on the Stock Exchange (Stock Code: 1536), with effect from 27 May 2020.

Mr. Lau Leong Yuen ("Mr. Lau"), aged 35, is an independent non-executive director, the member of the Audit Committee and Remuneration Committee. He joined the Group in July 2017. He obtained a bachelor degree of engineering in electronic and communication from the City University of Hong Kong in 2008 and a master degree of science in E-Commerce from the Hong Kong Polytechnic University in 2011. Mr. Lau is currently a senior information technology analyst in a leading air cargo terminal operator in Hong Kong. Mr. Lau has over 10 years of experience in software engineering and information technology system development.

Mr. Lau is currently also an Independent non-executive director of Yuk Wing Group Holdings Limited, which are listed on the Stock Exchange (Stock Code: 1536).

Save as disclosed herein, there is no other relationship between each of the directors as required to be disclosed under the Listing Rules.

BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Senior management:

Ms. Chen Tong ("Ms. Chen"), aged 56, was the executive director of the Company from 15 December 2010 to 10 October 2017 and re-designated as General Manager on that day. She joined the Group in December 2010. Ms. Chen graduated from Tongji University in 2002 with a bachelor's degree in administrative management. She is currently the vice general manager of a logistic company in the PRC. She has over 20 years experience in the banking industry and is an economist.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION

The remuneration of directors is transacted and voted by the shareholders at annual general meeting as ordinary business during which the Board is authorised to fix the remuneration of directors. The remuneration payable to directors is then determined by the Board with reference to directors' duties, responsibilities and performance and results of the Group and the recommendations of the Remuneration Committee subject to the Bye-laws.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 45 to the consolidated financial statements, none of directors of the Company or their connected entities had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party subsisted at the end of the year or at any time during the year ended 31 March 2020.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the directors nor their respective close associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to Rule 8.10 of the Listing Rules.

INTERESTS AND/OR SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2020, the interests and short positions of each Director and chief executive of the Company in the shares or underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

Long positions in the ordinary shares of the Company

Name of Director	Capacity	Number of ordinary shares held	Approximate percentage of interest
Ms. Zhou Yaying	Beneficial owner	4,371,386	0.70%

The percentage of interest in the Company is calculated by reference to the number of ordinary shares in issue as at 31 March 2020, that is 624,637,750 ordinary shares of the Company.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Share Option Scheme" and "Interests and/or Short Positions of the Directors and Chief Executive of the Company in the Shares, Underlying Shares and Debentures of the Company", at no time during the year was the Company or any of its subsidiaries, holding companies or fellow 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2020, the following parties had interests of 5% or more of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the ordinary shares of the Company

Name of substantial shareholder	Nature of Interests	Number of ordinary shares interested	Percentage of the Company's issued share capital
Mr. Yang Maojun	Beneficial owner	62,910,000	10.07%
Ms. Guo Sha	Beneficial owner	47,000,000	7.52%
Ms. Dong Qian	Beneficial owner	40,000,000	6.40%

The percentage of interest in the Company is calculated by reference to the number of ordinary shares in issue as at 31 March 2020, that is 624,637,750 ordinary shares of the Company.

Save as disclosed above, as at 31 March 2020, no person had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONTRACT OF SIGNIFICANCE

No contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders or any of its subsidiaries during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every director for the time being acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all losses, damages and expenses which he/she shall or may incur or sustain by or by reason of any act done about the execution of duties of his/her office or otherwise in relation thereto.

There is appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

CONNECTED TRANSACTIONS

During the year ended 31 March 2020 and up to the date of this report, the Group conducted the following transaction which constituted connected transactions of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS (continued)

On 16 May 2019, the Company, as vendor, and Extra Nice Limited, Mr. Chan Kam Kong, Mr. Tong Siu Ting ("Mr. Tong") and BC Asia Group Limited (collectively as the "Purchasers") entered into four separate sales and purchase agreements, pursuant to which the Company has conditionally agreed to sell and the Purchasers have conditionally agreed to purchase the entire interest of Maiden Faith Capital Group Limited, (wholly owned subsidiary of the Company) and its subsidiaries, at a total consideration of HK$14.35 million. Mr. Tong was a director of disposed subsidiary. Therefore, Mr. Tong was a connected person of the Company at the subsidiary level. As such, the sales and purchase agreement with Mr. Tong constituted a connected transaction of the Company and exempted under Chapter 14A of the Listing Rules.

Except for above, the significant related party transactions as disclosed in note 45 to the consolidated financial statements do not fall under the definitions of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, at least 25% of the Company's total number of issued shares were held by the public.

EVENTS AFTER THE REPORTING PERIOD

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

AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2020 were audited by CHENG & CHENG LIMITED who will retire at the conclusion of the AGM and, being eligible, will offer itself for re-appointment. A resolution will be submitted to the AGM to re-appoint CHENG & CHENG LIMITED as the auditor of the Company.

ON BEHALF OF THE BOARD

Ms. Zhou Yaying
Chairman

Hong Kong

29 June 2020

Independent Auditor's Report

CHENG & CHENG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
鄭鄭會計師事務所有限公司

TO THE SHAREHOLDERS OF CHINA ENVIRONMENTAL ENERGY INVESTMENT LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Environmental Energy Investment Limited (the "Company") and its subsidiaries (the "Group") set out on pages 59 to 156, which comprise the consolidated statement of financial position as at 31 March 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key Audit Matter	How the matter was addressed in our audit
Goodwill impairment assessment – Design, OEM and Marketing of Jewelry business and Money Lending business Refer to note 20 in the consolidated financial statements We identified the impairment assessment of goodwill, as a key audit matter due to the significant judgement exercised by the management on the estimation of the recoverable amount of the cash generating units to which goodwill has been allocated. The Group' s goodwill as at 31 March 2020 amounted to approximately HK$6,597,000. Goodwill has been allocated to the respective cash generating units. Impairment of goodwill is assessed by the management through comparing the recoverable amounts of the cash generating units to which the goodwill is allocated with their carrying amounts. The recoverable amount is greater of value in use or fair value less costs of disposal. In determining the recoverable amounts of the cash generating units of Design, OEM and Marketing of Jewelry business and Money Lending business, the management estimates their value in use based on discounted cash flows taking into account key assumptions including discount rate, future growth rate and expected gross margin. During the year ended 31 March 2020, the management concluded that impairment loss amounted to approximately HK$15,402,000 to be provided on the goodwill allocated to Design, OEM and Marketing of Jewelry business and no impairment is provided on the goodwill allocated to Money Lending business.	Our procedures in relation to management's impairment assessment included: – Evaluating the external valuer's independence, competence, capabilities and objectivity; – Assessing the appropriateness of the valuation methodologies, including the value-in-use calculations, used by the valuation specialists and management to estimate the recoverable amount of the cash generating units; – Challenging the reasonableness of key assumptions based on our knowledge and understanding of the businesses and markets; – Checking, on a sample basis, the accuracy and relevancy of the input data used; – Reconciling input data to supporting evidence, such as approved budgets and evaluating the reasonableness of the budgets; and – Performing sensitivity and stress testing analysis.

Key Audit Matter	How the matter was addressed in our audit
Impairment assessment on loan and interest receivables Refer to note 27 in the consolidated financial statements We identified the impairment assessment of loan and interest receivables as a key audit matter due to its significance to the Group's consolidated financial position and it required significant degree of judgement by the management in estimation of amount and timing of future cash flows and collateral value when determining the provision of expected credit loss ("ECLs") and assessment of a significant increased credit risk. The gross carrying amounts of the Group's loan and interest receivables as at 31 March 2020 were approximately HK$156,574,000 and HK$3,465,000, respectively, and provision for impairment losses thereon were approximately HK$11,816,000 and HK$2,720,000, respectively. The measurement of ECLs requires the application of significant judgement and increased complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECLs model (for exposures assessed individually), such as the expected future cash flows, amount of collaterals and forward-looking macroeconomic factors. The Group engaged an independent external valuer to assist in the valuation for ECLs for loan and interest receivables.	Our procedures in relation to management's impairment assessment included: – Evaluating the external valuer's independence, competence, capabilities and objectivity; – Assessing the methodologies used and the appropriateness of the key assumptions used in ECLs calculation by valuer; – Evaluating the design, implementation and operating effectiveness of key internal controls which govern credit control, loan and interest collection and estimation of ECLs; – Analysing and testing, on a sample basis, the accuracy of the ageing profile of loan and interest receivables by checking to the loan agreement and other source documents, to ensure that it was appropriate for management to use them for impairment assessment; and – Reviewing the adequacy and appropriateness of the ECLs made by management with reference to the ageing profiles, settlement records, subsequent settlements and other facts and circumstances currently available for the significant loan receivables balance.

Key Audit Matter	How the matter was addressed in our audit
Impairment assessment on trade deposit paid Refer to note 29 in the consolidated financial statements We identified the impairment assessment on trade deposit paid as a key audit matter because the Group has significant amount of trade deposit paid with several trade suppliers. Management judgements are required in assessing the recoverability of trade deposit paid. The Group has trade deposit paid of approximately HK$155,225,000, as disclosed in note 29, at 31 March 2020. No impairment loss was made on the trade deposit paid as the management considered the background, credit rating of the suppliers by historical performance, actual date for the utilization of trade deposit paid and information available to the Group at the reporting date about current condition and forecast of future economic conditions.	Our procedures in relation to management's impairment assessment included: – Obtaining an understanding on the operating cycle by performing walkthrough test; – Testing the accuracy of trade deposit paid of the Group; – Reviewing the accuracy of management's judgements by comparing historical performance from suppliers as well as reviewing the subsequent settlements and utilisation; – Understanding the nature of these assets and reviewing the correspondence with the suppliers.

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

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

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

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

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

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

In preparing the consolidated financial statements, the directors 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 assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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.

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

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

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

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

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

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

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

CHENG & CHENG LIMITED
Certified Public Accountants
Hong Kong, 29 June 2020

Chan Shek Chi
Practising Certificate number P05540

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2020

	Notes	**2020 HK$'000**	2019 HK$'000 (Restated)
Continuing operations			
Revenue	4	**90,544**	137,585
Cost of sales		**(69,814)**	(110,965)
Gross profit		**20,730**	26,620
Other income	6	**92**	2
Other gains and losses, net	7	**(13,021)**	(24,086)
Loss from impairment	8	**(13,882)**	(3,528)
Selling and distribution expenses		**(2,398)**	(1,280)
Administrative expenses		**(17,378)**	(29,885)
Finance costs	9	**(1,113)**	(795)
Share of loss of an associate		**–**	(1,682)
Loss before taxation	10	**(26,970)**	(34,634)
Income tax expense	13	**(855)**	(1,311)
Loss for the year from continuing operations		**(27,825)**	(35,945)
Discontinued operation			
Loss for the year from discontinued operation	14	**(1,586)**	(15,511)
Loss for the year		**(29,411)**	(51,456)
Other comprehensive expenses			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**21**	(42)
Items that will not be reclassified to profit or loss			
Fair value change in financial assets at fair value through other comprehensive income		**(4,845)**	–
Other comprehensive expense for the year		**(4,824)**	(42)
Total comprehensive loss for the year		**(34,235)**	(51,498)
Loss for the year attributable to the owners of the Company			
– From continuing operations		**(27,825)**	(35,945)
– From discontinued operation		**(1,586)**	(15,511)
		(29,411)	(51,456)
Total comprehensive loss attributable to the owners of the Company		**(34,235)**	(51,498)

	Notes	**2020 HK$**	2019 HK$ (Restated)
Loss per share	17		
From continuing and discontinued operations – Basic/Diluted		**(0.05)**	(0.09)
From continuing operations – Basic/Diluted		**(0.05)**	(0.07)
From discontinued operation – Basic/Diluted		**–**	(0.02)

Consolidated Statement of Financial Position

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	18	**364**	570
Right-of-use assets	19	**1,516**	–
Goodwill	20	**6,597**	21,999
Intangible assets	21	**–**	8,192
Loan receivables	27	**46,623**	60,920
Deferred tax assets	41	**616**	985
Financial assets at fair value through profit or loss	23	**–**	40,339
Financial assets at fair value through other comprehensive income	24	**18,686**	–
Statutory deposits	28	**–**	205
Deposits paid	29	**503**	1,031
		74,905	134,241
Current assets			
Inventories	25	**3,235**	4,128
Trade receivables	26	**250**	92,850
Loan and interest receivables	27	**98,880**	3,481
Other receivables, prepayments and deposits paid	29	**157,870**	1,167
Income tax recoverable		**–**	258
Cash deposits held by securities brokers	31	**1**	1
Client trust bank balance	30	**–**	18,178
Bank balances and cash	31	**7,433**	12,527
		267,669	132,590
Assets classified as held for sale	33	**–**	174,116
		267,669	306,706
Current liabilities			
Trade payables	34	**1,506**	92,065
Loan and interest payables	35	**5,893**	5,381
Other payables and accruals	36	**23,761**	19,544
Lease liabilities	37	**1,167**	–
Income tax payable		**1,236**	1,517
		33,563	118,507
Net current assets		**234,106**	188,199
Total assets less current liabilities		**309,011**	322,440

Consolidated Statement of Financial Position

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current liabilities			
Lease liabilities	37	**393**	–
Unconvertible bonds	40	**10,158**	10,158
		10,551	10,158
Net assets		**298,460**	312,282
Capital and reserves			
Share capital	38	**62,464**	56,785
Share premium and reserves		**235,996**	255,497
Total equity		**298,460**	312,282

The consolidated financial statements on pages 59 to 156 were approved and authorised for issue by the Board of Directors on 29 June 2020 and are signed on its behalf by:

Zhou Yaying
Director

Wei Liang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Investments revaluation reserve HK$'000	Exchange reserve HK$'000	Capital redemption reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2018	52,414	2,642,863	2,031	8,694	8,707	464	–	(2,377,324)	337,849
Adjustment on initial application of HKFRS 9	–	–	–	(17,187)	–	–	–	17,187	–
Adjusted balance at 1 April 2018	52,414	2,642,863	2,031	(8,493)	8,707	464	–	(2,360,137)	337,849
Loss for the year	–	–	–	–	–	–	–	(51,456)	(51,456)
Other comprehensive expense									
Exchange difference on translation of foreign operations	–	–	–	–	(42)	–	–	–	(42)
Total comprehensive expense for the year	–	–	–	–	(42)	–	–	(51,456)	(51,498)
Grant of share options	–	–	–	–	–	–	10,647	–	10,647
Issue of shares upon exercise of share options	4,371	18,112	–	–	–	–	(7,184)	–	15,299
Share issue expenses	–	(15)	–	–	–	–	–	–	(15)
At 31 March 2019	56,785	2,660,960	2,031	(8,493)	8,665	464	3,463	(2,411,593)	312,282
At 31 March 2019 and 1 April 2019	56,785	2,660,960	2,031	(8,493)	8,665	464	3,463	(2,411,593)	312,282
Loss for the year	–	–	–	–	–	–	–	(29,411)	(29,411)
Other comprehensive expense									
Exchange difference on translation of foreign operations	–	–	–	–	21	–	–	–	21
Fair value change in financial assets at fair value through other comprehensive income	–	–	–	(4,845)	–	–	–	–	(4,845)
Total comprehensive expense for the year	–	–	–	(4,845)	21	–	–	(29,411)	(34,235)
Reclassification	–	–	–	1,183	–	–	–	(1,183)	–
Issue of shares upon exercise of share options	5,679	18,227	–	–	–	–	(3,463)	–	20,443
Share issue expenses	–	(30)	–	–	–	–	–	–	(30)
At 31 March 2020	**62,464**	**2,679,157**	**2,031**	**(12,155)**	**8,686**	**464**	**–**	**(2,442,187)**	**298,460**

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Cash flows from operating activities			
Loss for the year		**(29,411)**	(51,456)
Adjustments for:			
Bank interest income		**(7)**	(2)
Income tax expense recognised in profit or loss	13	**855**	1,311
Finance costs	9	**1,132**	795
Depreciation of property, plant and equipment		**291**	3,564
Depreciation of right-of-use assets		**1,402**	–
Gain on disposal of interest in an associate classified as held for sale	15	**(11,884)**	–
Gain on disposal of subsidiaries		**(67)**	–
Loss on written off of property, plant and equipment		**–**	719
Written off of trade receivable		**–**	254
Impairment loss recognised on:			
– assets classified as held-for-sale	33	**–**	22,492
– goodwill	20	**15,402**	1,375
– intangible assets	21	**–**	5,730
– inventories		**88**	–
– loan and interest receivables	27	**13,882**	654
– trade receivables	26	**–**	2,874
Reversal of impairment loss on trade receivables	26	**(2,734)**	–
Change in fair value on financial assets at fair value through profit or loss	7	**12,149**	15,126
Realised loss on redemption of financial assets at fair value through profit or loss	7	**–**	1,102
Equity-settled share-based payment		**–**	10,647
Written back on other payables	7	**–**	(15,186)
Share of loss of an associate		**–**	1,682
Operating cash flows before movements in working capital		**1,098**	1,681
Decrease/(increase) in inventories		**805**	(4,128)
Increase in loan and interest receivables		**(94,984)**	(11,061)
Decrease/(increase) in trade receivables		**95,322**	(89,210)
(Increase)/decrease in other receivables, prepayments and deposits paid		**(154,455)**	92
(Decrease)/increase in trade payables		**(89,048)**	91,730
Increase in other payables and accruals		**23,265**	605
Decrease/(increase) in client trust bank balance		**16,668**	(18,075)
Cash used in operations		**(201,329)**	(28,366)
Income tax (paid)/refunded		**(509)**	68
Net cash used in operating activities		**(201,838)**	(28,298)

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(305)**	(5)
Deposits received for disposal of assets classified as held-for-sale		**–**	14,800
Proceeds on disposal of interest in an associate classified as held for sale	15	**171,200**	–
Proceeds on disposal of financial assets at fair value through other comprehensive income	24	**4,659**	–
Net cash inflow arising on disposal of subsidiaries	14	**2,742**	–
Bank interest received		**7**	2
Proceeds from redemption of financial assets at fair value through profit or loss		**–**	2,477
Net cash generated from investing activities		**178,303**	17,274
Cash flows from financing activities			
Proceeds from loan payables	32	**–**	5,000
Repayment of loan payables	32	**–**	(1,650)
Repayment of lease liabilities	32	**(1,365)**	–
Proceeds from issue of shares upon exercise of share options		**20,443**	15,299
Share issue expenses		**(30)**	(15)
Interest expenses on lease liabilities	32	**(105)**	–
Interest paid	32	**(500)**	(617)
Net cash generated from financing activities		**18,443**	18,017
Net (decrease)/increase in cash and cash equivalents		**(5,092)**	6,993
Cash and cash equivalents at the beginning of the year		**12,528**	5,538
Effects of exchange rate changes		**(2)**	(3)
Cash and cash equivalents at the end of the year		**7,434**	12,528
Cash and cash equivalents at the end of the year represented by:			
Cash deposits held by securities brokers		**1**	1
Bank balances and cash		**7,433**	12,527
		7,434	12,528

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and its principal place of business is Room 910, 9th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are set out in note 49. The Company together with its subsidiaries are referred to as the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been prepared under the historical cost convention except that financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss as explained in the accounting policies set out in note 2(g).

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant consolidated financial statements are disclosed in note 3.

(i) New standards, revision and amendments to existing standards effective for annual periods beginning 1 April 2019, relevant to the Group's operations and adopted by the Group:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except for the application of HKFRS 16 Leases (as described below), the application of the new amendments to HKFRSs in current year has no material effect on the Group's results and financial position and performance for the current or prior years and on the disclosure set out in these consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(i) New standards, revision and amendments to existing standards effective for annual periods beginning 1 April 2019, relevant to the Group's operations and adopted by the Group: (continued)

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases – incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(i) New standards, revision and amendments to existing standards effective for annual periods beginning 1 April 2019, relevant to the Group's operations and adopted by the Group: (continued)

HKFRS 16, Leases (continued)

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. For an explanation of how the group applies lessee accounting, see Note 2(u).

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5.5%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(i) New standards, revision and amendments to existing standards effective for annual periods beginning 1 April 2019, relevant to the Group's operations and adopted by the Group: (continued)

HKFRS 16, Leases (continued)

b. Lessee accounting and transitional impact (continued)

The following table reconciles the operating lease commitments as at 31 March 2019 as disclosed in note 43 to the opening balance for lease liabilities recognised as at 1 April 2019:

	1 April 2019 HK$'000
Operating lease commitments at 31 March 2019	**4,989**
Less: Commitments relating to short-term leases and other leases with remaining lease term ending on or before 31 March 2020	**(141)**
	4,848
Less: total future interest expenses	**(207)**
Present value of remaining lease-payments, discount using the incremental borrowing rate at 1 April 2019	**4,641**

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 March 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(i) New standards, revision and amendments to existing standards effective for annual periods beginning 1 April 2019, relevant to the Group's operations and adopted by the Group: *(continued)*

HKFRS 16, Leases (continued)

b. Lessee accounting and transitional impact (continued)

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position as follows:

	Carrying amounts previously reported at 31 March 2019 HK$'000	Adjustments HK$'000	Carrying amounts under HKFRS 16 at 1 April 2019 HK$'000
Non-current assets			
Right-of-use assets	–	4,641	4,641
Current liabilities			
Lease liabilities	–	3,006	3,006
Non-current liabilities			
Lease liabilities	–	1,635	1,635

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards issued but not yet effective

The Group has not applied any of the following new HKFRSs, amendments to HKFRSs and new interpretations ("**new and revised HKFRSs**") that have been issued but are not yet mandatorily effective:

HKFRSs 17	Insurance Contract[3]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 16	COVID-19 Related Rent Concession[5]

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

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

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

(b) Subsidiaries

(i) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any assets or liabilities resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Subsidiaries (continued)

(i) Consolidation (continued)

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of profit or loss and other comprehensive income.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Subsidiaries (continued)

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified or permitted by applicable HKFRSs.

(c) Property, plant and equipment

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

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment (continued)

Depreciation is provided to write off the cost, other than construction in progress, over their estimated useful lives from the date on which they are available for use and after taking into account of their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the shorter of the lease terms or 20%
Furniture and office equipment	20%
Motor vehicles	20%
Motor vessel	20%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Residual values and useful lives are reviewed at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains and losses, net"in profit or loss.

(d) Intangible assets

(i) Goodwill

Goodwill is arising on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Intangible assets (continued)

(ii) Licenses

Type 1, Type 4 and Type 9 regulated activities licenses (the "Licenses") under Securities and Futures Commission ("SFC") are classified as intangible assets. The Licenses acquired in a business combination are recognised at fair value at the acquisition date. The Licenses have an indefinite useful life and are carried at cost less accumulated impairment losses. The Licenses have no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the Licenses are considered by the management of the Group as having an indefinite useful life because they are expected to contribute to net cash inflows indefinitely. The Licenses will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired. The useful life of the Licenses is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(e) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, intangible assets not ready to use and the Licenses – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the reporting date.

(f) Non-current assets held-for-sale and discontinued operation

(i) Non-current asset 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Non-current assets held-for-sale and discontinued operation (continued)

(i) Non-current asset 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.

(ii) Discontinued operation

A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

When an operation is classified as discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) 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 recognized 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 FVTPL are recognised immediately in profit or loss.

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

Classification and subsequent measurement of financial assets *(continued)*

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9 Financial Instruments ("HKFRS 9")/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

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

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

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. 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.

(ii) Equity instruments designated as at FVTOCI

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

Classification and subsequent measurement of financial assets *(continued)*

(iii) Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

(h) Impairment of financial assets

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including trade receivables and loan receivables). 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. 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, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of financial assets (continued)

Impairment of financial assets *(continued)*

(i) Significant increase in credit risk (continued)

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debts obligations.
- expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holdings, or other changes to the contractual framework of the instrument.

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

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of financial assets (continued)

***Impairment of financial assets** (continued)*

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 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;

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

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

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of financial assets (continued)

Impairment of financial assets *(continued)*

(v) Measurement and recognition of ECL

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

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

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

- nature of financial instrument (i.e. the Group's trade receivables and loan and interest receivables are each assessed as a separate group);
- 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 loan and interest receivables where the corresponding adjustment is recognised through a loss allowance account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset when the contractual right to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9/HKAS 39.

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

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

(i) Financial liabilities

Financial liabilities

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

Financial liabilities at amortised cost

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

Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Derecognition financial liabilities

The Group derecognises financial liabilities when 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liabilities simultaneously, the legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the first in first out basis and comprise all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Client trust bank balance

The Group maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits arising from normal business transactions. The Group has classified the clients' monies as client trust bank balance under the current assets in the consolidated statement of financial position as the Group is allowed to retain some or all of the interest income on the clients' monies and recognised corresponding accounts payable to the respective customers in the current liabilities. Under the Hong Kong Securities and Futures Ordinance (Cap. 571), the Group is not allowed to use the clients' monies to settle its own obligation.

(m) 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, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

(o) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Revenue recognition

(a) Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when control over a product or service is transferred to the customers.

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

(i) Income from Design, OEM and Marketing of Jewelry

Sales of jewelry to customers. Revenue is recognised when control of the goods has transferred to the customers, being at the point the goods are delivered to the customers.

(ii) Income from Internet Services

Provision of services for online product sales, provision of marketing, web design and maintenance services. Income from Internet Services is recognised when services are performed.

(iii) Service income from Financial Services

Provision of financial advisory and intermediary services. Service income is recognised when the transactions are executed.

(iv) Asset management income from Financial Services

Provision of asset management service under licensed activities. Asset management income is recognised when services are provided. For those services that are provided over a period of time, asset management income are accrued in accordance with the actual progress.

(b) Revenue from other sources

(i) Interest income from Money Lending

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Other income

Other income not stated above is recognised whenever received or receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Retirement benefits scheme

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave. In accordance with the rules and regulations in the People's Republic of China ("PRC"), the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administered funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme"), which is a defined contribution retirement scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income subject to a cap of HK$1,500 per month. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(r) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of net investment in a foreign operation.

All foreign exchange gains and losses are presented in profit or loss within "Other gains and losses, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;

(b) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Foreign currency translation (continued)

(iii) Group companies (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in other comprehensive income are reclassified to profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(u) Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2a)

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

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

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

Allocation of consideration to components of a contract

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

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

Short-term leases and leases of low-value assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Leases (continued)

Right-of-use assets

The cost of right-of-use asset includes:

– the amount of the initial measurement of the lease liability;

– any lease payments made at or before the commencement date, less any lease incentives received;

– any initial direct costs incurred by the Group; and

– an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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.

Leases (Prior to 1 April 2019)

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

The Group as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Leases (continued)

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

The lease payments include:

– fixed payments (including in-substance fixed payments) less any lease incentives receivable;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable by the Group under residual value guarantees;

– the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and

– payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Leases (continued)

Lease modifications

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

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

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

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

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

(v) Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the entity received services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (for example, the entity's share price);

- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specific time period); and

- Including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Share-based payments (continued)

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purpose of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

(w) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

(vii) A person identified 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 a part, provides key management personnel services to the Group or to the Group's parent.

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Principal versus agent consideration (principal)

The Group's revenue generated from Design, OEM and Marketing of Jewelry business. Upon the application of HKFRS 15, the Group reassessed whether the Group should continue recognise revenue on gross basis based on the requirement of HKFRS 15. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the jewelry products. The Group has inventory risk and exposed to significant price risk.

During the year ended 31 March 2020, the Group recognised revenue generated from Design, OEM and Marketing of Jewelry business amounted to approximately HK$77,197,000.

Key sources of estimation uncertainty

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

(a) Impairment of goodwill

Determining whether goodwill is impaired requires the Group to assess the recoverable amount of the CGUs to which goodwill has been allocated. The recoverable amount is the higher of fair value less costs of disposal and the value in use. The value in use calculation requires management to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected or when there is a revision to the estimated future cash flows due to changes in fact or circumstances, a material impairment loss on goodwill may arise.

The carrying amount of goodwill as at 31 March 2020 was approximately HK$6,597,000 (2019: approximately HK$21,999,000). Impairment loss of goodwill amounting to approximately HK$15,402,000 has been recognised in profit or loss in respect of the year ended 31 March 2020 (2019: approximately HK$1,375,000), details of which are disclosed in note 20.

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

Key sources of estimation uncertainty (continued)

(b) Useful lives of intangible assets

The management determines the estimated useful lives for the Group's intangible assets. The useful lives of intangible assets are assessed to be either finite or indefinite, based on the expected usage and technical obsolescence from the changes in the market demands or services output from the assets. Intangible assets are not amortised when their useful lives are assessed to be indefinite. The conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment. The Group may need to amortise intangible assets in future periods or recognise impairment losses on intangible assets if events and circumstances indicate that the useful life is not indefinite.

(c) Impairment of non-financial assets (other than intangible assets with indefinite useful lives and goodwill)

The Group assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available information from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Provision of ECL for loan and interest receivables and trade receivables

The measurement of ECL for loan and interest receivables and trade receivables requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral value when determining the provision of ECL and the assessment of a significant increase in credit risk.

The provision of ECLs is sensitive to changes in circumstances and of forecast general economic conditions. If the financial condition of customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated. The information about the ECL and the Group's loan and interest receivables and trade receivables, are disclosed in notes 47, 26 and 27 respectively.

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

Key sources of estimation uncertainty (continued)

(e) Impairment of intangible assets with indefinite useful lives

Determining whether intangible assets with indefinite useful lives of the Group are impaired requires an estimation of recoverable amount of the CGUs to which intangible assets with indefinite useful lives have been allocated, which is the higher of the related fair value less costs of disposal and value-in-use. The calculations require the management to estimate the future cash flows expected to arise from the CGU in order to calculate the recoverable amounts.

The carrying amount of intangible assets as at 31 March 2019 was approximately HK$8,192,000. Impairment loss of intangible assets amounting to approximately HK$5,730,000 has been recognised in profit or loss in respect of the year ended 31 March 2019, details of which are disclose in note 21.

(f) Fair value measurements and valuation process

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

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. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:–

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 inputs are observable inputs which fail to meet level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data is not available; and
- Level 3 inputs are significant unobservable inputs.

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

4. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances and trade discounts ("Design, Original Equipment Manufacturing ("OEM") and Marketing of Jewelry"), income from online products sales, provision of marketing, web design and maintenance services ("Internet Services"), interest income from provision of loans as money lending ("Money Lending") and services income from provision of financial advisory, intermediary and asset management services ("Financial Services") is analysed as belowed:

(i) Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2020 **HK$'000**	2019 HK$'000 (Restated)
Continuing operations		
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of Jewelry	**77,197**	129,115
– Provision of Consulting and Maintenance Services for Internet Sales	**–**	390
	77,197	129,505
Revenue from other sources		
Interest income from Money Lending	**13,347**	8,080
	90,544	137,585

	2020 **HK$'000**	2019 HK$'000 (Restated)
Discontinued operation		
Revenue from contracts with customers with the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Provision of Financial Advisory and Intermediary Services	**249**	173
– Provision of Asset Management Services	**39**	95
	288	268

4. REVENUE (continued)

(ii) Disaggregation by timing of revenue recognition within the scope of HKFRS 15

	2020 HK$'000	2019 HK$'000 (Restated)
Continuing operations		
– Over time	–	390
– At a point in time	77,197	129,115
	77,197	129,505

	2020 HK$'000	2019 HK$'000 (Restated)
Discontinued operation		
– Over time	39	95
– At a point in time	249	173
	288	268

As at 31 March 2020, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied was approximately HK$19,699,000 (2019: approximately HK$355,000. The transaction price allocated to the remaining performance obligations as at 31 March 2020 and 2019 and the expected timing of recognising revenue are as follows:–

	Provision of Asset Management Services	
	2020 HK$'000	2019 HK$'000
Within one year	–	355

5. SEGMENT INFORMATION

(a) Business segments

The Group's operating and reportable segments which are based on the types of products sold and services rendered are as follows:

Continuing operations

Internet Services (Note):	online products sales, provision of marketing, web design and maintenance services
Design, OEM and Marketing of Jewelry:	design of jewelry, OEM and sales and marketing of jewelry
Money Lending:	provision of loans as money lending

Discontinued operation

Financial Services:	provision of financial advisory, intermediary and asset management services

Note: This segment has been merged to other segment since 1 April 2019.

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Segment revenue and result

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

For the year ended 31 March 2020

	Continuing operations			Discontinued operation	
	Design, OEM and Marketing of Jewelry HK$'000	Money Lending HK$'000	Sub-total HK$'000	Financial Services HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	77,197	13,347	90,544	288	90,832
Revenue from external customers	77,197	13,347	90,544	288	90,832
Net segment result:					
Segment result	5,312	(10,826)	(5,514)	(1,171)	(6,685)
Impairment loss on goodwill	(15,402)	–	(15,402)	–	(15,402)
Net segment result	(10,090)	(10,826)	(20,916)	(1,171)	(22,087)
Other unallocated income			12,723	–	12,723
Change in fair value of financial assets at fair value through profit or loss			(12,149)	–	(12,149)
Gain on disposal of interest in an associate classified as held-for-sale			11,884	–	11,884
Gain on disposal of subsidiaries			–	67	67
Other unallocated expenses			(17,399)	(463)	(17,862)
Finance costs			(1,113)	(19)	(1,132)
Loss before taxation			(26,970)	(1,586)	(28,556)
Income tax expense			(855)	–	(855)
Loss for the year			(27,825)	(1,586)	(29,411)

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

***Segment revenue and result** (continued)*

For the year ended 31 March 2019

	Continuing operations				Discontinued operation	
	Internet Services HK$'000	Design, OEM and Marketing of Jewelry HK$'000	Money Lending HK$'000	Sub-total HK$'000 (Restated)	Financial Services HK$'000 (Restated)	Total HK$'000
Segment revenue:						
Sales to external customers	390	129,115	8,080	137,585	268	137,853
Revenue from external customers	390	129,115	8,080	137,585	268	137,853
Net segment result:						
Segment result	(410)	13,026	(578)	12,038	(8,044)	3,994
Impairment loss on goodwill	–	–	–	–	(1,375)	(1,375)
Impairment loss on intangible assets	–	–	–	–	(5,730)	(5,730)
Net segment result	(410)	13,026	(578)	12,038	(15,149)	(3,111)
Other unallocated income				7,627	–	7,627
Change in fair value of financial assets at fair value through profit or loss				(15,126)	–	(15,126)
Realised loss on redemption of financial assets at fair value through profit or loss				(1,102)	–	(1,102)
Equity-settled share-based payment				(10,647)	–	(10,647)
Impairment loss on assets classified as held-for-sale				(22,492)	–	(22,492)
Written back on other payables				15,186	–	15,186
Share of loss of an associate				(1,682)	–	(1,682)
Other unallocated expenses				(17,641)	(362)	(18,003)
Finance costs				(795)	–	(795)
Loss before taxation				(34,634)	(15,511)	(50,145)
Income tax expense				(1,311)	–	(1,311)
Loss for the year				(35,945)	(15,511)	(51,456)

Segment profit or loss represents the profit or loss from each segment without allocation of certain other income, central administrative costs, directors' emoluments and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Segment assets and liabilities

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

As at 31 March 2020

	Continuing operations		
	Design, OEM and Marketing of Jewelry HK$'000	Money Lending HK$'000	Total HK$'000
Assets and liabilities:			
Segment assets			
– Hong Kong	171,210	146,545	317,755
	171,210	146,545	317,755
Financial assets at fair value through other comprehensive income			18,686
Unallocated corporate assets			6,133
Consolidated total assets			342,574
Segment liabilities:			
– Hong Kong	22,154	148,800	170,954
– Elimination of loan payables (Note (a))	–	(148,600)	(148,600)
	22,154	200	22,354
Unconvertible bonds			10,158
Loan and interest payables			5,893
Unallocated corporate liabilities			4,473
Income tax payable			1,236
Consolidated total liabilities			44,114

Note:

(a) The loan was made from the Company to the subsidiary under Money Lending segment which was under negotiated terms. As at 31 March 2020, the carrying amount of loan was HK$148,600,000 (2019: HK$53,600,000).

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

***Segment assets and liabilities** (continued)*

As at 31 March 2019

	Continuing operations				Discontinued operation	
	Internet Services HK$'000	Design, OEM and Marketing of Jewelry HK$'000	Money Lending HK$'000	Sub-total HK$'000	Financial Services HK$'000	Total HK$'000
Assets and liabilities:						
Segment assets						
– Hong Kong	9	121,012	65,402	186,423	36,042	222,465
– PRC	53	–	–	53	–	53
	62	121,012	65,402	186,476	36,042	222,518
Financial assets at fair value through profit or loss						40,339
Assets classified as held for sale						174,116
Unallocated corporate assets						3,974
Consolidated total assets						440,947
Segment liabilities:						
– Hong Kong	36	73,422	53,780	127,238	20,210	147,448
– Elimination of loan payables (Note (a))	–	–	(53,600)	(53,600)	–	(53,600)
– PRC	210	–	–	210	–	210
	246	73,422	180	73,848	20,210	94,058
Unconvertible bonds						10,158
Loan and interest payables						5,381
Unallocated corporate liabilities						17,551
Income tax payable						1,517
Consolidated total liabilities						128,665

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

***Segment assets and liabilities** (continued)*

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

- all assets are allocated to reportable segments other than certain property, plant and equipment, certain bank balances and cash, assets classified as held for sale, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, certain other receivables, prepayments and deposits paid, income tax recoverable and deferred tax assets; and

- all liabilities are allocated to reportable segments other than certain other payables and accruals, loan and interest payables, income tax payable and unconvertible bonds.

Other segment information

In respect of the year ended 31 March 2020

	Continuing operations			Discontinued operation	
	Design, OEM and Marketing of Jewelry HK$'000	Money Lending HK$'000	Sub-total HK$'000	Financial services HK$'000	Total HK$'000
Other information of					
Depreciation of property, plant and equipment	45	–	45	16	61
Depreciation of right-of-use assets	44	–	44	337	381
Reversal of impairment loss recognised in respect of trade receivables	(2,734)	–	(2,734)	–	(2,734)
Impairment loss recognised in respect of loan and interest receivables	–	13,882	13,882	–	13,882
Additions to non-current assets	305	–	305	–	305

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

***Other segment information** (continued)*

In respect of the year ended 31 March 2019

	Continuing operations				Discontinued operation	
	Internet Services HK$'000	Design, OEM and Marketing of Jewelry HK$'000	Money Lending HK$'000	Sub-total HK$'000	Financial services HK$'000	Total HK$'000 (Restated)
Other information of						
Depreciation of property, plant and equipment	4	3	–	7	258	265
Written off of trade receivables	254	–	–	254	–	254
Impairment loss recognised in respect of trade receivables	–	2,874	–	2,874	–	2,874
Impairment loss recognised in respect of loan and interest receivables	–	–	654	654	–	654
Additions to non-current assets	–	–	–	–	5	5

(b) Geographical information

The Group's continuing operations are mainly located in Hong Kong.

The geographic market of the Group's revenue is determined based on the location at which the services were provided or the goods were delivered, irrespective of the origin of customers. All services provided by the Group are in Hong Kong.

The non-current assets of the Group (other than financial assets and deferred tax assets) by geographical areas determined based on the physical location of assets in the case of property, plant and equipment and right-of-use assets and the location of the operations to which they are allocated, in the case of intangible assets and goodwill and the location of operations.

(c) Information about major customers

Revenues from customers contributing over 10% of the total revenue of the Group are as follows:

	Revenue generated from	**2020 HK$'000**	2019 HK$'000 (Restated)
Customer A	Design, OEM and Marketing of Jewelry	**–**	16,973
Customer B	Design, OEM and Marketing of Jewelry	**24,300**	33,990
Customer C	Design, OEM and Marketing of Jewelry	**–**	23,964
Customer D	Design, OEM and Marketing of Jewelry	**13,888**	19,563
Customer E	Design, OEM and Marketing of Jewelry	**9,913**	–

6. OTHER INCOME

	2020 HK$'000	2019 HK$'000 (Restated)
Continuing operations		
Bank interest income	**7**	2
Others	**85**	–
	92	2

7. OTHER GAINS AND LOSSES, NET

	2020 HK$'000	2019 HK$'000 (Restated)
Continuing operations		
Other gains:		
Gain on disposal of interest in an associate classified as held for sale (note 15)	**11,884**	–
Reversal of impairment loss recognised in respect of trade receivables	**2,734**	–
Written back of other payables	**–**	15,186
	14,618	15,186
Other losses:		
Change in fair value on financial asset at fair value through profit or loss	**(12,149)**	(15,126)
Realised loss on redemption of financial asset at fair value through profit or loss	**–**	(1,102)
Loss on written off of property, plant and equipment	**–**	(298)
Written off of trade receivables	**–**	(254)
Impairment loss recognised on:		
– goodwill	**(15,402)**	–
– inventories	**(88)**	–
– assets classified as held for sale	**–**	(22,492)
	(27,639)	(39,272)
	(13,021)	(24,086)

7. OTHER GAINS AND LOSSES, NET (continued)

	2020 HK$'000	2019 HK$'000 (Restated)
Discontinued operation		
Other losses:		
Loss on written off of property, plant and equipment	–	(421)
Impairment loss recognised on:		
– goodwill	–	(1,375)
– intangible assets	–	(5,730)
	–	(7,526)

8. LOSS FROM IMPAIRMENT

	2020 HK$'000	2019 HK$'000 (Restated)
Continuing operations		
Impairment loss recognised on:		
– trade receivables	–	2,874
– loan and interest receivables	13,882	654
	13,882	3,528

9. FINANCE COSTS

	2020 HK$'000	2019 HK$'000 (Restated)
Continuing operations		
Interest expenses on:		
Loan payables	512	295
Imputed interest on unconvertible bonds	500	500
Interest on lease liabilities	101	–
	1,113	795
Discontinued operation		
Interest on lease liabilities	19	–

10. LOSS BEFORE TAXATION

	2020 HK$'000	2019 HK$'000 (Restated)
Continuing operations		
Staff costs (including directors' emoluments)		
– Directors' fees, staff salaries and allowances	**9,623**	7,867
– Retirement benefits contributions	**230**	178
– Equity-settled share-based payment	**–**	10,647
Total staff costs	**9,853**	18,692
Auditors' remuneration	**800**	720
Cost of inventories recognised as an expense	**69,814**	110,965
Depreciation of property, plant and equipment	**275**	3,306
Depreciation of right-of-use assets	**1,065**	–
Operating lease rentals in respect of rental premises	**–**	1,161
Share of loss of an associate	**–**	1,682

	2020 HK$'000	2019 HK$'000 (Restated)
Discontinued operation		
Staff costs (including directors' emoluments)		
– Directors' fees, staff salaries and allowances	**957**	5,440
– Retirement benefits contributions	**30**	139
Total staff costs	**987**	5,579
Other service costs	**13**	14
Depreciation of property, plant and equipment	**16**	258
Depreciation of right-of-use assets	**337**	–
Operating lease rentals in respect of rental premises	**–**	1,170

11. BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' emoluments

Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiary undertaking.

The remuneration of every director is set out below:

For the year ended 31 March 2020

	Fees HK$'000	Salary HK$'000	Discretionary bonus HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Executive Directors					
Ms. Zhou Yaying[1]	–	600	50	5	655
Mr. Wei Liang[5]	–	240	–	12	252
Ms. Hong Jingjuan	–	300	–	15	315
Mr. Tang Wing Cheung Louis[2]	–	240	–	12	252
Independent Non-executive Directors					
Mr. Tse Kwong Chan	120	–	–	–	120
Mr. Yiu To Wa	120	–	–	–	120
Mr. Lau Leong Yuen	120	–	–	–	120
	360	1,380	50	44	1,834

For the year ended 31 March 2019

	Fees HK$'000	Salary HK$'000	Discretionary bonus HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Equity-settled share-based payment expense HK$'000	Total HK$'000
Executive Directors						
Mr. Wong Chun Hung[4]	–	88	–	–	–	88
Ms. Zhou Yaying[1]	–	558	50	–	777	1,385
Mr. Wei Liang[5]	–	219	–	9	–	228
Ms. Hong Jingjuan	–	300	–	15	–	315
Ms. Xie Yan[3]	–	72	–	–	–	72
Mr. Tang Wing Cheung Louis[2]	–	205	–	9	–	214
Independent Non-executive Directors						
Mr. Tse Kwong Chan	120	–	–	–	–	120
Mr. Yiu To Wa	120	–	–	–	–	120
Mr. Lau Leong Yuen	120	–	–	–	–	120
	360	1,442	50	33	777	2,662

11. BENEFITS AND INTEREST OF DIRECTORS (continued)

(a) Directors' emoluments (continued)

Notes:

1 Ms. Zhou Yaying was appointed as executive director on 26 April 2018

2 Mr. Tang Wing Cheung Louis was appointed as executive director on 25 May 2018

3 Ms. Xie Yan was appointed as executive director on 10 October 2017 and resigned on 25 May 2018

4 Mr. Wong Chun Hung was appointed as executive director on 11 April 2018 and resigned on 25 May 2018

5 Mr. Wei Liang was appointed as executive director on 2 May 2018

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

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

None of the directors of the Company waived or agreed to waive any emoluments paid by the Group. No emoluments have been paid by the Group to the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2020 and 2019.

(b) Directors' retirement benefits and termination benefits

No directors received or will receive any retirement benefits or termination benefits during the financial year (2019: Nil).

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

During the year ended 31 March 2020, the Company does not pay consideration to any third parties for making available directors' services (2019: Nil).

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

As at 31 March 2020, there are no loans, quasi-loans and other dealing arrangements entered into by the Company or subsidiaries undertaking of the Company in favour of directors, controlled bodies corporate by and controlled entities with such directors (2019: Nil).

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

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

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2019: one) was director of the Company whose emoluments are included in note 11(a) above. The emoluments of the remaining four individuals (2019: four) were as follows:

	2020 **HK$'000**	2019 HK$'000
Salaries, allowances and benefits in kind	**4,019**	3,422
Contributions to retirement benefits schemes	**54**	54
	4,073	3,476

The emoluments of the remaining four (2019: four) individuals fell within the following bands:

	2020	2019
HK$500,000 to HK$1,000,000	**3**	3
HK$1,000,001 to HK$1,500,000	**1**	1
	4	4

13. INCOME TAX EXPENSE

Income tax recognised in profit or loss

	2020 **HK$'000**	2019 HK$'000
Hong Kong Profits Tax	**486**	1,773
Deferred tax expenses/(credit)	**369**	(462)
Income tax expense for the year	**855**	1,311

On March 21, 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 March 28, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the law of the PRC on Enterprise Income Tax (the "EIT law") and implementation regulation of the EIT law, the tax rate of subsidiaries of the Company in the PRC is 25% (2019: 25%). No PRC income tax has been provided for the Group as the Group's subsidiary in the PRC did not have any assessable profit for the year ended 31 March 2020 and 2019.

13. INCOME TAX EXPENSE (continued)

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

	2020 HK$'000	2019 HK$'000 (Restated)
Continuing operations		
Loss before taxation	**(26,970)**	(34,634)
Tax at the applicable rate of 16.5% (2019: 16.5%)	**(4,450)**	(5,715)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(35)**	(65)
Tax effect of income not taxable for tax purpose	**(1,978)**	(2,506)
Tax effect of expenses not deductible for tax purpose	**4,942**	9,360
Tax effect of tax losses not recognised	**868**	220
Tax effect of prior year's tax losses utilised in this year	**–**	(281)
Tax effect to unrecognised temporary differences	**1,804**	30
Tax effect of share of result of associate	**–**	278
Recognised previously unrecognised deferred tax assets	**(91)**	–
Tax effect of adoption of two-tier profits tax rate	**(165)**	(165)
Tax relief	**(40)**	(60)
Others	**–**	215
Income tax expense for the year	**855**	1,311

	2020 HK$'000	2019 HK$'000 (Restated)
Discontinued operation		
Loss before taxation	**(1,586)**	(15,511)
Tax at the applicable rate of 16.5% (2019: 16.5%)	**(262)**	(2,559)
Tax effect of income not taxable for tax purpose	**(11)**	–
Tax effect of tax losses not recognised	**190**	1,222
Tax effect of expenses not deductible for tax purpose	**80**	287
Tax effect of origination and reversal of temporary difference	**–**	946
Tax effect of unrecognised temporary difference	**3**	104
	–	–

14. DISCONTINUED OPERATION

During the year, the Company entered into four separate sales and purchase agreements to dispose of its entire interest of Maiden Faith Capital Group Limited and its subsidiaries (the "Disposal Group") at a total consideration of HK$14,350,000, which are engaged in Financial Services business. The purpose of the disposal is to streamline the principal activities of the Group and to focus its resources in pursuing development opportunities on the businesses of Design, OEM and Marketing of Jewelry and Money Lending in order to strengthen the Group's income stream and maximise return to the shareholders of the Company. The disposal was completed on 31 May 2019, on which date the Group lost control of the Disposal Group. The Group's Financial Services business are treated as discontinued operation.

The loss from the discontinued operation for the current and preceding periods is analysed as follows:

	From 1 April 2019 to 31 May 2019 HK$'000	From 1 April 2018 to 31 March 2019 HK$'000
Loss of Financial Services business for the period/year	**(1,653)**	(15,511)
Gain on disposal of Financial Services business	**67**	–
	(1,586)	(15,511)

The results of the Financial Services business for the current and preceding periods were as follows:

	From 1 April 2019 to 31 May 2019 HK$'000	From 1 April 2018 to 31 March 2019 HK$'000
Revenue		
– Provision of financial advisory and intermediary services	**249**	173
– Provision of asset management services	**39**	95
Total revenue	**288**	268
Cost of income	**(13)**	(14)
Gross profit	**275**	254
Other losses	**–**	(7,526)
Administrative expenses	**(1,572)**	(8,239)
Depreciation of right-of-use assets	**(337)**	–
Finance cost	**(19)**	–
Loss before tax	**(1,653)**	(15,511)
Income tax expenses	**–**	–
Loss for the period/year	**(1,653)**	(15,511)

14. DISCONTINUED OPERATION (continued)

The net assets of Disposal Group at the date of disposal were as follows:

	HK$'000
Non-current assets	
Property, plant and equipment	220
Right-of-use assets	1,972
Intangible assets	8,192
Statutory deposits	205
Deposits paid	614
	11,203
Current assets	
Trade receivables	12
Other receivables	252
Client trust bank	1,510
Bank balance and cash	8,880
	10,654
Current liabilities	
Trade payables	1,511
Other payables and accruals	4,224
Lease liabilities	1,980
	7,715
Net assets	14,142
Gain on disposal	67
Transaction cost	141
Total consideration	14,350
Satisfied by:	
Cash	11,763
Other receivables	2,587
	14,350

	HK$'000
Net cash inflow arising on disposal:	
Cash consideration received	11,763
Transaction costs paid	(141)
Bank balances and cash disposed of	(8,880)
	2,742

14. DISCONTINUED OPERATION (continued)

Cash flows from the Disposal Group:

	From 1 April 2019 to 31 May 2019 HK$'000	From 1 April 2018 to 31 March 2019 HK$'000
Net cash inflows/(outflows) from operating activities	**267**	(5,983)
Net cash inflows/(outflows) from investing activities	**2,742**	(5)
Net cash (outflows)/inflows from financing activities	**(348)**	10,409
Net cash inflows for the period/year	**2,661**	4,421

15. DISPOSAL OF INTEREST IN AN ASSOCIATE

Refer to note 33, on 2 September 2019, the Group completed the disposal of approximately 23.53% of interest in an associate to a third party for cash consideration of HK$106,000,000. On 10 October 2019, the Group completed the disposal of approximately 25.88% of interest in the associate to a third party for cash consideration of HK$80,000,000. Before the disposal, the Group owned 49.41% interest in the associate and the investment was previously accounted for as an interest in an associate using the equity method of accounting. This transaction has resulted in the Group recognising a gain of approximately HK$11,884,000 in profit or loss, calculated as follows:

	HK$'000
Cash proceeds	186,000
Less: carrying amount of approximately 49.41% interest on the date of loss of significant influence of an associate (note 22)	(174,116)
Gain recognised in profit or loss	11,884
Consideration was settled by:	
Deposit received as at 31 March 2019	14,800
Cash consideration received	171,200
	186,000
Net cash inflow arising on disposal during the year	171,200

16. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2020 (2019: Nil), nor has any dividend been proposed since the end of the reporting period (2019: Nil).

17. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is as follows:

	2020 **HK$'000**	2019 HK$'000 (Restated)
Loss		
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company		
– Continuing operations	**(27,825)**	(35,945)
– Discontinued operation	**(1,586)**	(15,511)
	(29,411)	(51,456)

	2020 **'000**	2019 '000
Number of shares		
Issued ordinary shares at 1 April	**567,853**	524,139
Issue of shares upon exercise of share option (note 39(b))	**29,633**	26,707
Weighted average number of ordinary shares for the purpose of basic loss per share	**597,486**	550,846

No diluted loss per share for 2020 was presented as there was no potential ordinary shares in issue for the year ended 31 March 2020.

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

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and office equipment HK$'000	Motor vehicles HK$'000	Motor vessel HK$'000	Total HK$'000
COST					
At 1 April 2018	937	2,568	2,047	14,000	19,552
Additions	–	5	–	–	5
Written off	(84)	(1,686)	–	–	(1,770)
Exchange realignment	(6)	(56)	–	–	(62)
At 31 March 2019 and 1 April 2019	847	831	2,047	14,000	17,725
Additions	239	66	–	–	305
Disposal of subsidiaries	–	(497)	–	–	(497)
At 31 March 2020	**1,086**	**400**	**2,047**	**14,000**	**17,533**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2018	483	1,224	1,777	11,200	14,684
Depreciation provided for the year	174	320	270	2,800	3,564
Eliminated on written off	(54)	(997)	–	–	(1,051)
Exchange realignment	(3)	(39)	–	–	(42)
At 31 March 2019 and 1 April 2019	600	508	2,047	14,000	17,155
Depreciation provided for the year	212	79	–	–	291
Disposal of subsidiaries	–	(277)	–	–	(277)
At 31 March 2020	**812**	**310**	**2,047**	**14,000**	**17,169**
CARRYING AMOUNT					
At 31 March 2020	**274**	**90**	**–**	**–**	**364**
At 31 March 2019	247	323	–	–	570

19. RIGHT-OF-USE ASSETS

	Leased properties HK$000
As at 1 April 2019	
Carrying amount	4,641
As at 31 March 2020	
Carrying amount	1,516
For the year ended 31 March 2020	
Depreciation charge	1,402
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	376
Total cash outflow for leases	1,846
Additions to right-of-use assets	249

During the year, the Group entered into a new lease arrangement for the use of retail store for two years. The Group is required to make fixed monthly payments during the contract period. 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.

The Group regularly entered into short-term leases for office.

The Group's right-of-use assets are situated on land:

	2020 HK$'000
In Hong Kong	**1,516**

No leased properties were pledged to banks as securities for banking facilities granted to the Group as at 31 March 2020 and 2019.

20. GOODWILL

	2020 HK$'000	2019 HK$'000
COST		
At the beginning of the year	**94,647**	94,647
Disposal of a subsidiary	**(1,375)**	–
	93,272	94,647
ACCUMULATED IMPAIRMENT		
At the beginning of the year	**72,648**	71,273
Eliminated on disposal of a subsidiary	**(1,375)**	–
Impairment loss recognised in respect of:		
– Design, OEM and Marketing of Jewelry business	**15,402**	–
– Financial Services business	**–**	1,375
At the end of the year	**86,675**	72,648
CARRYING AMOUNT AT THE END OF THE YEAR	**6,597**	21,999

Goodwill has been allocated for impairment testing purposes to the Design, OEM and Marketing of Jewelry business, Money Lending business and Financial Services business.

The carrying amount of goodwill was allocated to business segments of CGUs as follows:

	2020 HK$'000	2019 HK$'000
Design, OEM and Marketing of Jewelry business	**5,597**	20,999
Money Lending business	**1,000**	1,000
At the end of the year	**6,597**	21,999

20. GOODWILL (continued)

Design, OEM and Marketing of Jewelry business

Goodwill of approximately HK$28,524,000 arose from the acquisition of 100% equity interest in Elite Honest Inc. ("Elite Honest") and was recognised at the date of acquisition. Elite Honest, through its wholly-owned subsidiary, is principally engaged in the design, OEM and marketing of jewelry business.

The recoverable amount of the CGU of this Design, OEM and Marketing of Jewelry business has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period (2019: five-year period) with growth rates of -38% (2019: 6.5%) per annum for the first year, 146% (2019: 2.5%) per annum for the second year, 2% (2019: 2.5%) per annum for the third year, 2% (2019: 2.5%) per annum for the fourth year, 2% (2019: 2.5%) per annum for the fifth year, with a terminal value of approximately HK$17,000,000 (2019: approximately HK$18,000,000) estimated based on the growth rate of 2.5% (2019: 2.5%) (representing the expected inflation rate) after the five-year period (2019: five-year period) and at a discount rate of 15.2% (2019: 16.21%). Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows, including budgeted sales and gross margin, which is based on the past performance of the CGU and management's expectations for the market development.

Based on the impairment assessment, impairment loss amounted to approximately HK$15,402,000 on goodwill (2019: Nil) was recognised by the Group and charged to profit or loss for the year ended 31 March 2020, which is calculated based on the recoverable amount of the CGU of the Design, OEM and Marketing of Jewelry business. Accumulated impairment losses amounted to approximately HK$22,927,000 (2019: approximately HK$7,525,000) at 31 March 2020 were recognised on goodwill allocated to Design, OEM and Marketing of Jewelry business.

20. GOODWILL (continued)

Money Lending business

Goodwill of HK$1,000,000 arose from the acquisition of 100% equity interest in Great Luck Finance Limited ("Great Luck") and was recognised at the date of acquisition. Great Luck is principally engaged in provision of loans on money lending.

The recoverable amount of the CGUs of this Money Lending business has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period.

Based on the impairment assessment, the directors consider that there is no impairment of goodwill based on the financial performance of Money Lending business to which the goodwill relates.

Financial Services business

During the year ended 31 March 2019, the recoverable amount of HK$14,150,000 of the CGUs of this Financial Services business has been determined on the basis of fair value less cost of disposal by reference to the consideration of disposal for the CGUs of this Financial Services business and the announcement dated on 16 May 2019. The fair value measurements of the CGUs are at Level 2 of the fair value hierarchy.

The fair value of the CGUs of Financial Services business segment as at date 31 March 2019 has been arrived at subsequent disposal of the CGUs of Financial Services business by reference to the consideration from the signed sales and purchase agreement.

Based on the impairment assessment, impairment loss on goodwill and intangible assets amounting to approximately HK$1,375,000 and approximately HK$5,730,000 were recognised by the Group and charged to profit or loss for the year ended 31 March 2019 respectively, which are calculated based on the recoverable amount of the CGUs of Financial Services business. Accumulated impairment losses amounted to approximately HK$1,375,000 and approximately HK$5,730,000 at 31 March 2019 were recognised on goodwill and intangible assets allocated to Financial Services business respectively.

The impairment loss arose as a result of the less than satisfactory past and expected performance of the Financial Service business. The directors also considered the effects of competition in this industry and high level of financial resources requirement.

21. INTANGIBLE ASSETS

	2020 HK$'000	2019 HK$'000
COST		
At the beginning of the year	**13,922**	13,922
Less: Disposal of a subsidiary	**(13,922)**	–
At the end of the year	**–**	13,922
ACCUMULATED IMPAIRMENT		
At the beginning of the year	**5,730**	–
Impairment loss recognised	**–**	5,730
Eliminated on disposal of a subsidiary	**(5,730)**	–
At the end of the year	**–**	5,730
CARRYING AMOUNT AT THE END OF THE YEAR	**–**	8,192

As at 31 March 2019, the carrying amount of intangible assets represented the regulated activities licenses issued by SFC ("the Licences").

The Licenses are acquired in a business combination and are recognised at fair value at the acquisition date. They have indefinite useful lives and carried at cost less accumulated impairment losses.

The fair value of the Licenses as at date of initial recognition have been arrived at on the basis of a valuation carried out by Roma Appraisals Limited ("Roma"), which is an independent qualified professional valuer not connected with the Group. The valuation reports on these licenses were signed by a director of Roma who is a member of the Hong Kong Institute of Surveyors. Roma also reviewed the useful life and concluded that events and circumstances continued to support the indefinite useful life assessment.

The Licenses were allocated to the CGUs of Financial Services business and have been tested for impairment on 31 March 2019. Details of the impairment test are disclosed in note 20.

During the year ended 31 March 2020, the Company disposed of its entire interest of a subsidiary with the Licenses. Details of the discontinued operation are disclosed in note 14.

22. INTEREST IN AN ASSOCIATE

	2019 HK$'000
Unlisted	
Cost of investment in an associate	204,358
Share of post-acquisition loss and other comprehensive income, net of dividend received	(7,750)
Transferred to assets classified as held for sale	(196,608)
At the end of the year	–

At the end of the reporting period, the Group had interest in the following associate:

Name of entity	Country/place of incorporation	Principal place of business	Particulars of issued and paid up capital	Proportion of ownership interest and voting power held by the Group		Principal activities
				2020	2019	
Pure Power Holdings Limited ("Pure Power") (Note)	British Virgin Islands ("BVI")	USA	8,500 ordinary shares, USD1 each	–	49.41%*	Investment holding and exploration and exploitation of natural resources

Note:

Pure Power is an investment holding company and its subsidiary is principally engaged in exploration and exploitation of natural resources in the USA, which enables the Group to have exposure to this market through local expertise.

* On 21 June 2018, the Company, as vendor, and Hongkong Dragon Well Co., Limited (the "Purchaser A") entered into the sales and purchase agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser A has conditionally agreed to purchase 2,000 ordinary shares (the "Disposal A"), representing approximately 23.53% of the issued share capital of Pure Power, which owned by the Company at a consideration of HK$106,000,000.

On 28 February 2019, the Company, as vendor, and Mr. Zhang Chunxiao (the "Purchaser B"), an independent third party, entered into the sales and purchase agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser B has conditionally agreed to purchase 2,200 ordinary shares (the "Disposal B"), representing approximately 25.88% of the issued share capital of Pure Power, which owned by the Company at a consideration of HK$80,000,000.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 HK$'000	2019 HK$'000
Equity investment fund, at fair value	–	40,339

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The movement of the equity investment fund during the year are as follow:

	2020 HK$'000	2019 HK$'000
At the beginning of the year	40,339	59,044
Change in fair value of equity investment fund	(12,149)	(15,126)
Redemption on equity investment fund	(28,190)	(3,579)
At the end of the year	–	40,339

The equity investment fund has been fully compulsorily redeemed. Details of the compulsory redemption are set out in the Company's announcements on 29 October 2019 and 19 November 2019.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 HK$'000	2019 HK$'000
Listed equity securities	18,686	–

As at 31 March 2020, the fair value of listed equity securities are determined based on the quoted market closing prices available on the Stock Exchange.

As at 31 March 2019, the fair value of listed equity securities are determined based on the quoted market closing prices available on the Stock Exchange, since the listed equity securities were suspended trading from 6 June 2017, the directors considered that the fair value of related securities were minimal.

This investment is not held for trading, instead, its is held for long-term strategic purpose.

Certain investments in equity instruments measured at fair value through other comprehensive income have been sold during the year due to risk management consideration. The fair value of the investments at the date of derecognition was HK$4,659,000 and its cumulative loss on disposal was HK$1,183,000.

25. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2020 HK$'000	2019 HK$'000
Finished goods	3,235	4,128

(b) The analysis of the amount of inventories recognised as an expense is as follows:

	2020 HK$'000	2019 HK$'000
Carrying amount of inventories sold	69,814	110,965

26. TRADE RECEIVABLES

	2020 **HK$'000**	2019 HK$'000
Trade receivables		
– Design, OEM and Marketing of Jewelry business	**390**	95,715
– Financial Services business	**–**	9
Less: allowance for credit losses	**(140)**	(2,874)
	250	92,850

The Group has a policy of allowing credit period ranging from 1 to 6 months to its trade customers. In addition, for certain customers with long-established relationship and good past repayment history, a longer credit period may be granted. The Group does not hold any collateral over the balances.

An aged analysis of trade receivables, net of impairment loss recognised, at the end of reporting period, based on the invoice date, is as follows:

	2020 **HK$'000**	2019 HK$'000
Within 3 months	**85**	32,292
4 to 6 months	**–**	40,347
Over 6 months	**165**	20,211
At the end of the year	**250**	92,850

At 31 March 2020 and 2019, the trade receivables were denominated in the following currencies:

	2020 **HK$'000**	2019 HK$'000
United States dollars ("USD")	**–**	53,404
HK$	**250**	39,441
British Pound ("GBP")	**–**	5
	250	92,850

Details of impairment assessment of trade receivables are set out in note 47.

27. LOAN AND INTEREST RECEIVABLES

	2020 HK$'000	2019 HK$'000
Loan receivables	**156,574**	63,074
Interest receivables	**3,465**	1,981
Less: allowance for credit losses	**(14,536)**	(654)
	145,503	64,401
Less: non-current portion	**(46,623)**	(60,920)
	98,880	3,481

Included in the gross balances are loans of approximately HK$106,574,000 which were secured by unlisted equity shares of certain PRC companies. The remaining balance of approximately HK$50,000,000 was secured by corporate guarantee from certain PRC companies (2019: approximately HK$61,574,000 secured by unlisted equity shares of certain PRC companies provided by the customers).

At 31 March 2020, the loan receivables arising from Money Lending business with fixed interest rate ranging from 10% to 18% per annum on principal amount, are repayable quarterly (2019: 10% to 18%). The effective interest rates of the loan receivables range from 10.4% to 18% (2019: 10.4 to 18%) per annum.

The maturity profile of these loan and interest receivables from customers, at the end of the reporting period, analysed by remaining periods to their contracted maturity, is as follow:

	2020 HK$'000	2019 HK$'000
Repayable:		
On demand and within 3 months	**744**	1,981
Over 3 months but less than 1 year	**98,136**	1,500
Over 1 year but less than 2 years	**46,623**	60,920
	145,503	64,401

During the year, loans with aggregate principal amount of HK$3,000,000 which were scheduled to be repaid in January 2020 has been early repaid. The Group has made new loans with aggregate principal amount of HK$98,000,000 during the year.

Details of impairment assessment of loan and interest receivables for the year ended 31 March 2020 are set out in note 47.

The loan receivables outstanding as at 31 March 2020 and 2019 are denominated in Hong Kong dollars ("HK$").

28. STATUTORY DEPOSITS

	2020 HK$'000	2019 HK$'000
Statutory deposits	–	205

Statutory deposits represent deposits with The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited. They are non-interest bearing.

29. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS PAID

	2020 HK$'000	2019 HK$'000
Other receivables	2,605	28
Prepayments	10	211
Deposits paid (Note)	155,758	1,959
	158,373	2,198
Deduct: non-current portion	(503)	(1,031)
	157,870	1,167

Note:

As at 31 March 2020, included in the amount of approximately HK$155,225,000 are trade deposit paid to suppliers for design, OEM and marketing of Jewelry business.

30. CLIENT TRUST BANK BALANCE

The Group receives and holds monies deposited by clients and other institutions in the course of conducting regulated activities of securities brokerage. These clients' monies are maintained in one trust bank account. The Group has recognised the corresponding trade payables to respective clients (note 34).

31. CASH DEPOSITS HELD BY SECURITIES BROKERS AND BANK BALANCES AND CASH

Bank balances and cash and cash deposits held by securities brokers comprise cash held by the Group and deposits with banks and securities brokers with an original maturity of three months or less. These deposits carry interest at market rates at 0.25% (2019: 0.125%) per annum.

At 31 March 2020 and 2019, the cash deposits held by securities brokers were denominated in HK$.

31. CASH DEPOSITS HELD BY SECURITIES BROKERS AND BANK BALANCES AND CASH (continued)

At 31 March 2020 and 2019, the bank balances and cash were denominated in the following currencies:

	2020 HK$'000	2019 HK$'000
RMB	**20**	35
USD	**28**	1,214
HK$	**7,386**	11,279
	7,434	12,528

32. OTHER CASH FLOW INFORMATION

Reconciliation of liabilities arising from financing activities

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

	Unconvertible bonds HK$'000 (note 40)	Loan and interest payables HK$'000 (note 35)	Lease liabilities HK$'000 (note 37)	Total HK$'000
At 31 March 2019	10,158	5,381	–	15,539
Adjustment on HKFRS 16	–	–	4,641	4,641
At 1 April 2019 (Restated)	10,158	5,381	4,641	20,180
Changes from financing cash flows:				
Repayment of lease liabilities	–	–	(1,365)	(1,365)
Interest paid	(500)	–	(105)	(605)
Total changes from financing cash flows	**(500)**	**–**	**(1,470)**	**(1,970)**
Other changes:				
Disposal of a subsidiary	–	–	(1,980)	(1,980)
New lease entered	–	–	249	249
Interest expenses (note 9)	500	512	120	1,132
Total other changes	**500**	**512**	**(1,611)**	**(599)**
At 31 March 2020	**10,158**	**5,893**	**1,560**	**17,611**

32. OTHER CASH FLOW INFORMATION (continued)

	Unconvertible bonds HK$'000 (note 40)	Loan and interest payables HK$'000 (note 35)	Total HK$'000
At 1 April 2018	10,158	1,853	12,011
Changes from financing cash flows:			
Proceeds from loan payables	–	5,000	5,000
Repayments of loan payables	–	(1,650)	(1,650)
Interest paid	(500)	(117)	(617)
Total changes from financing cash flows	**(500)**	**3,233**	**2,733**
Other changes:			
Interest expenses (note 9)	500	295	795
Total other changes	500	295	795
At 31 March 2019	**10,158**	**5,381**	**15,539**

33. ASSETS CLASSIFIED AS HELD FOR SALE

As disclosed in note 22, the Group entered into two agreements for the disposal of interest in an associate during the year ended 31 March 2019.

On 21 June 2018, approximately 23.53% of interest in an associate was transferred to assets classified as held for sale with carrying amount of approximately HK$94,116,000 as at 31 March 2019. Details of the disposal is set out in the Company's announcements on 21 June 2018, 13 July 2018, 3 August 2018, 24 August 2018, 18 February 2019, 30 April 2019, 31 May 2019, 28 June 2019 and circular on 14 September 2018. The net proceeds of this disposal exceeded the carrying amount and accordingly, no impairment loss has been recognised.

On 28 February 2019, the remaining interest in an associate (approximately 25.88% of interest in an associate) was transferred to assets classified as held for sale with carrying amount of approximately HK$102,492,000 as at 31 March 2019. Details of the disposal is set out in the Company's announcements on 28 February 2019, 21 March 2019, 25 April 2019, 24 May 2019 and circular on 24 June 2019. The net proceeds of this disposal was below the carrying amount and accordingly, an impairment loss of approximately HK$22,492,000 has been recognised by the group and charged to profit or loss for the year ended 31 March 2019.

34. TRADE PAYABLES

	2020 HK$'000	2019 HK$'000
Amounts payable arising from securities broking:		
Clearing house (Note a)	–	1,495
Cash clients (Note b)	–	18,178
Other trade payables (Note c)	1,506	72,392
	1,506	92,065

Note:

(a) The settlement terms of amounts payable to clearing house arising from securities broking are two trade days after the trade execution date. The balance is aged within 30 days.

(b) Amounts payable to cash clients are repayable on demand. No aged analysis is disclosed as, in the opinion of the management, the aged analysis does not give additional value in view of the nature of the business.

(c) Other trade payables related to Design, OEM and Marketing of Jewelry business with credit period on purchase of goods ranges from 30 to 180 days (2019: ranges from 90 to 180 days) included in the balances, approximately HK$1,298,000 (2019: approximately HK$29,533,000) was aged within 3 months and remaining approximately HK$208,000 was aged over 1 year (2019: approximately HK$42,859,000 was aged between 4 to 6 months) base on invoice date.

At 31 March 2020 and 2019, the trade payables were denominated in HK$ and the carrying amounts of trade payable approximate to their fair value.

35. LOAN AND INTEREST PAYABLES

	2020 HK$'000	2019 HK$'000
Unsecured loans	5,150	5,150
Accrued interest	743	231
	5,893	5,381

Note:

(a) At 31 March 2020, the unsecured loans are dominated in HK$, with principal of HK$550,000 and HK$4,600,000 bearing fixed interest rate at 5% and 10.5% (2019: principal of HK$550,000 and HK$4,600,000 bearing fixed interest rate at 5% and 10.5%) per annum respectively. The unsecured loans of HK$550,000 and HK$4,600,000 with the accrued interest are repayable on demand and repayable in November 2020 (2019: November 2019) respectively.

(b) The unsecured loan, with principal of HK$550,000 (2019: HK$550,000) and accrued interest of approximately HK$68,000 (2019: HK$40,000) was financed by a former director, Chen Tong.

36. OTHER PAYABLES AND ACCRUALS

	2020 HK$'000	2019 HK$'000
Other accrued charges and payables	**4,062**	4,389
Contract liabilities (Note a)	**19,699**	355
Deposits received (Note b)	**–**	14,800
	23,761	19,544

As at 31 March 2020 and 2019, all of the other payables and accruals are expected to be settled or recognised as income within one year or are payable on demand.

Note:

(a) Movements in contract liabilities

	2020 HK$'000
Balance at 1 April 2019	**355**
Decrease as a result of recognising revenue during the year	**(39)**
Decrease as a result of disposal of a subsidiary	**(316)**
Increase as a result of deposit received from customers for the purchase of jewelry products	**19,699**
Balance at 31 March 2020	**19,699**

Asset management income from Financial Services business

When the Group signs service agreement with customer and receives a deposit before rendering the services, this will give rise to contract liabilities at the time of deposit received, The contract liabilities would be transferred and recognised as income at the point the services are rendered to the customers.

Income from design, OEM, and marketing of Jewelry business

The Group receives a designated amount of the contract value from customers in advance. The advances result in contract liabilities being recognized until the customer obtains control of a promised jewelry products and the entity satisfies a performance obligation.

(b) As at 31 March 2019, the amount wholly represents the deposit received for disposal of 23.53% of remaining interest in an associate, which is approximately 13.96% of the consideration (note 33).

37. LEASE LIABILITIES

	2020 HK$'000
Lease liabilities payable:	
Within one year	1,167
Within a period of more than one year but not more than two years	393
	1,560
Less: Amount due for settlement within 12 months shown under current liabilities	(1,167)
Amount due for settlement after 12 months shown under non-current liabilities	393

38. SHARE CAPITAL

	Number of shares '000	Nominal amount HK$'000
Ordinary shares of HK$0.1 each at 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020	**10,000,000**	**1,000,000**

	Number of shares '000	Nominal amount HK$'000
Issued and fully paid:		
Ordinary shares of HK$0.1 each at 1 April 2018	524,139	52,414
Exercise of share options (Note a)	43,714	4,371
Ordinary shares of HK$0.1 each at 31 March 2019 and 1 April 2019	567,853	56,785
Exercise of share options (Note a)	56,785	5,679
Ordinary shares of HK$0.1 each at 31 March 2020	**624,638**	**62,464**

Notes:

(a) During the year ended 31 March 2020, 56,785,250 (2019: 43,713,860) options were exercised at the exercise price of HK$0.36 (2019: HK$0.35) per share, resulting in the issuance of 56,785,250 (2019: 43,713,860) new shares of HK$0.1 (2019: HK$0.1) each. Proceeds generated from exercising the share options amounted of HK$20,443,000 (2019: HK$15,299,000). HK$5,679,000 (2019: HK$4,371,000) was credited to share capital, HK$18,227,000 (2019: HK$18,112,000) was credited to share premium account, HK$3,463,000 (2019: HK$7,184,000) was fully debited to share option reserve.

All the new ordinary shares issued and allotted during both of the years presented rank pari passu in all respect with the then existing ordinary shares of the Company.

39. SHARE OPTION SCHEME

On 30 August 2011, the Company adopted a new share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 30 August 2019, the scheme mandate limits of the Scheme were refreshed and renewed (the "Refreshment").

A summary of the Scheme of the Company is as follows:

Purpose	To provide incentives and rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest (the "Invested Entity").
Eligible participants	(i) any employee (whether full-time or part-time), executive directors, non-executive directors and independent non-executive directors of the Company or any of its subsidiaries or Invested Entity; (ii) any supplier of goods or services to any member of the Group or any Invested Entity; any customer of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and (iii) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.
Total number of ordinary shares available for issue under the Scheme and the percentage of the issued share capital that it represents as at the date of this annual report	After the end of the reporting period, the Company has granted 53,150,994 share options to employees, which enable the grantees to subscribe for a total of 53,150,994 ordinary shares in the share capital of the Company, representing 8.51% of the issued share capital and 5,905,666 ordinary shares in the share capital of the Company, representing 0.95% of the issued share capital are available for issue under the Scheme as at the date of this annual report.
Maximum entitlement of each eligible participant	Where any grant or further grant of options to an eligible participant would result in the total number of shares issued and to be issued upon exercise of all the options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such grant or further grant representing in aggregate over 1% of the total number of shares in issue, such grant or further grant must be separately approved by the shareholders in a general meeting.

39. SHARE OPTION SCHEME (continued)

	Where any grant or further grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including exercised, cancelled and outstanding options) to such person in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the relevant class of shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5,000,000, such grant or further grant of options must be approved by the shareholders in a general meeting.
Period within which the securities must be taken up under an option	An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall end in any event not later than 10 years from the date of offer of the grant of options subject to the provisions for early termination set out in the Scheme.
Minimum period for which an option must be held before it can be exercised	There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the directors.
Amount payable on acceptance of the option and the period within which such payment must be made	The offer of a grant of share options may be accepted within 28 days from the date of offer with a consideration of HK$1.00 being payable by the grantee.
Exercise price	Determined by the directors but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets on the date of offer of the grant of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the grant of options; and (iii) the nominal value of an ordinary share.
Remaining life of the Scheme	The Scheme will remain in force until 29 August 2021, subject to the provisions for early termination set out in the Scheme.

39. SHARE OPTION SCHEME (continued)

Details of the share options granted by the Company pursuant to the Scheme and the movement of the share options were shown as follows:

Year ended 31 March 2020

Grantee	Date of grant	Exercisable period	Closing price immediately before date of grant	Exercise price per share	Outstanding as at 1 April 2019	Granted	Exercised	Outstanding as at 31 March 2020
Director								
Employees	5/3/2019	5/3/2019 to 4/3/2020	HK$0.305	HK$0.36	56,785,250	–	(56,785,250)	–
Total					56,785,250	–	(56,785,250)	–

Year ended 31 March 2019

Grantee	Date of grant	Exercisable period	Closing price immediately before date of grant	Exercise price per share	Outstanding as at 1 April 2018	Granted	Exercised	Outstanding as at 31 March 2019
Director								
Ms. Zhou Yaying	3/7/2018	3/7/2018 to 2/7/2028	HK$0.30	HK$0.35	–	4,371,386	(4,371,386)	–
Employees	3/7/2018	3/7/2018 to 2/7/2028	HK$0.30	HK$0.35	–	39,342,474	(39,342,474)	–
Employees	5/3/2019	5/3/2019 to 4/3/2020	HK$0.305	HK$0.36	–	56,785,250	–	56,785,250
Total					–	100,499,110	(43,713,860)	56,785,250

Notes:

(i) As at 31 March 2020, no share options were exercisable. As at 31 March 2019, 56,785,250 share options were exercisable.

(ii) The share options outstanding at 31 March 2019 had an exercisable price of HK$0.360 and a weighted average remaining contractual life of 0.93 years.

(iii) In respect of the share options exercised during the year ended 31 March 2020, the weighted average share price at the dates of exercise was HK$1.08 (2019: HK$0.360).

39. SHARE OPTION SCHEME (continued)

(a) Fair value of share options and assumptions

The weighted average fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Option-Pricing Model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the model.

	Granted on 3 July 2018	**Granted on 5 March 2019**
Weighted average fair value of measurement date	HK$0.164	HK$0.061
Closing price of the shares at grant date	HK$0.300	HK$0.315
Exercise price	HK$0.350	HK$0.360
Expected volatility	66.25%	63.21%
Option life	10 years	1 year
Risk-free interest rate	2.20%	1.46%
Expected dividend yield	0%	0%

The expected volatility is based on the historic volatility. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

(b) The fair value of the share options granted under the Scheme of approximately HK$10,647,000 during the year ended 31 March 2019 was recognised in equity-settled share-based payment expenses and the share option reserve of the Group as at 31 March 2019.

40. UNCONVERTIBLE BONDS

Movements in the unconvertible bonds during the year are as follows:

	2020 HK$'000	2019 HK$'000
At the beginning of the year	**10,158**	10,158
Interest charges for the year (note 9)	**500**	500
Interest paid during the year	**(500)**	(500)
At the end of the year	**10,158**	10,158

In December 2016, the Company issued an unconvertible bond with the aggregate principal amounts of HK$10,000,000 giving rise to total proceeds of HK$10,000,000 which provides working capital to the Group. The principal amount of unconvertible bond, which is unsecured and carries interest at 5% per annum, are wholly repayable by the Company on the maturity date of 5 December 2023. At 31 March 2020, the unconvertible bond with the principal amount of HK$10,000,000 (2019: HK$10,000,000) remained outstanding. The effective interest rate of the unconvertible bond in respect of the year is 4.92% per annum (2019: 4.92% per annum).

	2020 HK$'000	2019 HK$'000
Represented by:		
– Current	**–**	–
– Non-current	**10,158**	10,158
	10,158	10,158

41. DEFERRED TAXATION

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current year:

	Fair value adjustment on business combination HK$'000	Unused tax losses HK$'000	ECL provision HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 April 2018	(2,297)	2,820	–	–	523
Credit/(charge) to profit or loss	946	(958)	474	–	462
At 31 March 2019 and 1 April 2019	(1,351)	1,862	474	–	985
Disposal of a subsidiary	1,351	(1,351)	–	–	–
(Charge)/credit to profit or loss	–	(9)	(451)	91	(369)
At 31 March 2020	–	502	23	91	616

	2020 HK$'000	2019 HK$'000
Deferred tax assets recognized	**616**	985

As at 31 March 2020, the Group had unutilised tax loss carried forward to offset future taxable profits of approximately HK$8,661,000 (2019: approximately HK$26,084,000), which was not recognised as deferred income tax asset, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Included in unrecognised tax losses are losses of approximately HK$2,419,000 (2019: approximately HK$2,013,000) that will expire on or before 2025, other losses may be carried forward indefinitely). At the end of the reporting period, the Group has deductible temporary differences of approximately HK$12,718,000 (2019: approximately HK$2,329,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

42. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plan

The Group has participated in defined contribution retirement schemes established under Mandatory Provident Fund Ordinance ("MPF Schemes") for its employees in Hong Kong. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the MPF Schemes, each of the employer and its employees are generally required to make contributions to the schemes at 5% of the employee's relevant monthly income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

The employees of PRC subsidiaries of the Company are members of state-managed retirement benefits schemes operated by the PRC Government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

No forfeited contributions were recognised for the year ended 31 March 2020 (2019: Nil) and there were no material forfeitures available to reduce the Group's future contributions as at 31 March 2020 and 2019.

43. OPERATING LEASE COMMITMENTS

The Group as lessee

As at 31 March 2019, the Group rented certain office premises under operating lease arrangements, with the leases negotiated for a term within one to three years.

At the end of the reporting period, the Group had total future minimum lease payments under the non-cancellable operating leases falling due as follows:

	2019 HK$'000
Within one year	3,308
Later than one year and within five years	1,681
	4,989

44. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2020, the equity investment fund has been fully compulsorily redeemed amounted to approximately HK$28,190,000 which was settled by listed equity securities.

45. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties:

(a) Significant related party transaction

	2020 **HK$'000**	2019 HK$'000
Disposal of subsidiaries to a director of the disposed subsidiary	**4,305**	–

(b) Compensation of key management personnel of the Group, who were the directors of the Company, are as follows:

	2020 **HK$'000**	2019 HK$'000
Short-term employee benefits	**1,790**	1,852
Post-employment benefits	**44**	33
Equity-settled share-based payment expense	**–**	777
Total compensation paid to key management personnel	**1,834**	2,662

The remuneration of directors is determined by the Remuneration Committee and having regard to the performance of individuals and market trends.

Further details of directors' emoluments are included in note 11.

46. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group reviews the capital structure periodically. As a part of this review, the Group considers costs of capital, its borrowing covenant obligations and the risks associated with issued share capital and may adjust its overall capital structure through the drawn down of bank borrowings, the repayment of existing borrowings or the adjustment of dividend to shareholders.

The capital structure of the Group consists of net debt and equity attributable to owners of the Company. Net debt includes loan and interest payables and unconvertible bonds less bank balances and cash. Equity attributable to owners of the Company includes issued share capital and reserves.

All licensed corporations within the Group complied with their required liquid capital during the year ended 31 March 2019.

During the year ended 31 March 2020, the Group's strategy, which was unchanged from prior year, was to maintain the debt equity ratio to be in a net cash position. The net debts as at 31 March 2020 and 2019 were as follows:

	2020 **HK$'000**	2019 HK$'000
Loan and interest payables	**5,893**	5,381
Unconvertible bonds	**10,158**	10,158
Less: Cash deposits held by securities brokers and bank balances and cash	**(7,434)**	(12,528)
Net debt	**8,617**	3,011
Equity attributable to owners of the Company	**298,460**	312,282
Capital and net debt	**307,077**	315,293
Gearing ratio	**2.81%**	0.95%

47. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The carrying amount of the Group's financial assets and liabilities as recognised at the end of each reporting period are categorised as follows:

	2020 HK$'000	2019 HK$'000
Financial assets		
Financial assets at FVTPL	–	40,339
Financial assets at FVTOCI	18,686	–
Financial assets at amortised cost		
Trade receivables	250	92,850
Loan and interest receivables	145,503	64,401
Other receivables and deposits paid	3,138	2,192
Cash deposits held by securities brokers	1	1
Client trust bank balance	–	18,178
Bank balances and cash	7,433	12,527
	175,011	230,488
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables	1,506	92,065
Loan and interest payables	5,893	5,381
Other payables and accruals	4,062	4,744
Unconvertible bonds	10,158	10,158
Lease liabilities	1,560	–
	23,179	112,348

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, financial assets at FVTOCI, trade receivables, loan and interest receivables, other receivables and deposits paid, cash deposits held by securities brokers, bank balances and cash, trade payables, loan and interest payables, other payables and accruals and unconvertible bonds. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group does not enter into trade derivative instruments for speculative purposes. There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

47. FINANCIAL INSTRUMENTS (continued)

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

Market risk

(i) Currency risk

Currency risk refers to the risk associated with movements in foreign currency rates which will affect the Group's financial results and its cash flows. Management considers that the Group is not exposed to significant foreign currency risk as the majority of its operations are transacted in Hong Kong with USD and their functional currency of HK$.

For the two years ended 31 March 2020 and 2019, the Group mainly earned revenue in HK$ and USD and incurred costs in HK$. Although the Group currently does not have any foreign currency hedging policies, it manages its currency exposure by ensuring that the revenue earned in HK$ are used to pay for HK$ denominated costs respectively. Funds raised from financing activities which are mainly in HK$ are used to pay for HK$ expenses.

The monetary assets and monetary liabilities of the Group at the end of reporting date denominated in currencies other than functional currencies of the related entities are as follows:

	2020 **HK$'000**	2019 HK$'000
Assets		
USD	**28**	53,564
GBP	**–**	5
	28	53,569
Liabilities		
USD	**750**	750
RMB	**96**	–
	846	750

The Group is mainly exposed to the foreign exchange risk of USD. Under the pegged exchange rate system, the financial impact on exchange difference between HK$ and USD will be immaterial as most USD denominated monetary assets and liabilities are held by group entities having HK$ as their functional currency, and therefore no sensitivity analysis has been prepared.

47. FINANCIAL INSTRUMENTS (continued)

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

Market risk *(continued)*

(ii) Other price risk

At 31 March 2020 and 2019, the Group was mainly exposed to equity price risk arising from equity investment fund classified at financial assets at fair value through profit or loss and listed equity securities classified at financial assets through other comprehensive income respectively. The Group's equity price risk is mainly concentrated on equity securities quoted on the Hong Kong Stock Exchange. The management manages this exposure by maintaining the equity investment fund which include portfolio of investments with different risk and return profiles.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices have been 5% higher/lower, the total comprehensive expenses for the year ended 31 March 2020 would decrease/increase by approximately HK$934,000. The sensitivity analysis indicated the instantaneous change in the Group's the total comprehensive expenses that would arise assuming the changes in the relevant stock price had occurred at the end of the reporting period and had been applied to re-measure the listed equity securities held by the Group which exposed the Group to equity price risk at the reporting date.

If equity prices have been 5% higher/lower, loss before tax for the year ended 31 March 2019 would decrease/increase by approximately HK$2,017,000. The sensitivity analysis indicated the instantaneous change in the Group's loss before tax that would arise assuming the changes in the relevant stock price had occurred at the end of the reporting period and had been applied to re-measure the equity investment fund held by the Group which exposed the Group to equity price risk at the reporting date.

(iii) Fair value and cash flow interest rate risk

The Group has loan receivables, client trust bank balance, bank balances, loan payables and unconvertible bonds which bear interest and are therefore exposed to interest rate risk. Client trust bank balance and bank balances bearing at variable rates expose the Group to cash flow interest rate risk. Loan receivables, loan payables, and unconvertible bonds bearing at fixed rates expose the Group to fair value interest rate risk. During the year, the Group has not hedged its cash flow and fair value interest rate risk. The management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Assuming the client trust bank balance and bank balances with variable rates outstanding at the end of the reporting period were outstanding for the whole year if interest rates had increased by 100 basis points (2019: 100 basis points) and all other variables held constant, there was a decrease in post-tax loss by approximately HK$74,000 (2019: a decrease by approximately HK$307,000). If interest rates had decreased by 100 basis points (2019: 100 basis points), there would be an equal but opposite impact on the results for the year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

47. FINANCIAL INSTRUMENTS (continued)

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

Credit risk

The carrying amounts of the trade receivables, other receivables and deposits paid, loan and interest receivables, cash deposits held by securities brokers, client trust bank balance and bank balance included in the consolidated statement of financial position represent 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. The Group manages the credit risk by setting up a team responsible for the determination of credit terms, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Group review the recoverable amount of each financial asset at the end of the reporting period to ensure that adequate impairment losses are recognised for irrecoverable amounts. Furthermore, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Before accepting any new borrower, the Group assesses the credit quality of each potential borrower and defines limits for each borrower. The Group also demands certain borrower to provide collaterals to the Group at the time when the loan agreement is entered into. The loan receivables from customers have been reviewed by management of the Company to assess impairment allowances which are based on the evaluation of collectability, ageing analysis of accounts and on management's judgement, including the current creditworthiness, the value of pledged assets and the past collection statistics of individually significant accounts or a portfolio of accounts on a collective basis.

To manage the risk arising from other receivables and rental deposits paid, the Group only transacts with reputable parties that have no default history and have a strong capacity to meet its contractual cash flow obligations in the near term. The credit risk on other receivables and rental deposits paid are limited. The management has assessed that the expected credit losses for other receivables and rental deposits paid are not significant.

As at 31 March 2020, the Group has concentration of credit risk as 21% (2019: 29%) of the total trade receivables were due from the Group's largest customer from Design, OEM and Marketing of Jewelry business; and 87% (2019: 88%) of the total trade receivables were due from the Group's five largest customers from Design, OEM and Marketing of Jewelry business.

As at 31 March 2020, the Group has concentration of credit risk as 28% (2019: 49%) of the total loan and interest receivables were due from the Group's largest customer and 75% (2019: 100%) of the total loan and interest receivables were due from the Group's five largest customers.

The credit risk on liquid funds of bank deposits is limited because the majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies and authorised banks in the PRC.

47. FINANCIAL INSTRUMENTS (continued)

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

Credit risk *(continued)*

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Other financial assets	Trade receivables
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL	Lifetime ECL – not credit-impaired
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

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

Financial assets at amortised cost	Internal credit rating	12-month or lifetime ECL	2020 Gross carrying amount HK$'000	HK$'000	2019 Gross carrying amount HK$'000	HK$'000
Loan and interest receivables	Loss	Lifetime ECL – credit-impaired	2,657		–	
	Doubtful	Lifetime ECL – not credit-impaired	134,382		–	
	Low risk (Note 1)	Lifetime ECL – not credit-impaired	–		1,660	
	Low risk	12-month ECL	23,000	160,039	63,395	65,055
Trade receivables	(Note 2)	Lifetime ECL – not credit-impaired	–		95,724	
	Low risk	Lifetime ECL – not credit-impaired	250		–	
	Loss	Lifetime ECL – credit-impaired	140	390	–	95,724
Other receivables and deposits paid	Low risk	12-month ECL		3,138		2,192

47. FINANCIAL INSTRUMENTS (continued)

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

***Credit risk** (continued)*

Note

1 As the loans were bullet loans which interest and principal are repayable in total at the repayment date in August 2019. Although it was classified as low risk, lifetime ECL – not credit-impaired was considered.

2 For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix grouped by customer portfolio and past due status.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience show significantly different loss patterns for different customer portfolio (including higher risk and normal risk), the provision for loss allowance based on past due status is further distinguished between the Group's customer portfolio different risk type. A loss allowance of approximately HK$140,000 was recognised as at 31 March 2020 (2019: approximately HK$2,874,000).

As at 31 March 2020

High risk type customers	**Expected loss rate** %	**Gross carrying amount** HK$'000	**Loss allowance** HK$'000
Over 6 months but less than 1 year	100%	140	140

Normal risk type customers	**Expected loss rate** %	**Gross carrying amount** HK$'000	**Loss allowance** HK$'000
Not yet past due	–	85	–
Less than 3 months past due	–	70	–
4 to 6 months past due	–	95	–
		250	–

47. FINANCIAL INSTRUMENTS (continued)

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

Credit risk *(continued)*

As at 31 March 2019

High risk type customers	Expected loss rate	Gross carrying amount	Loss allowance
	%	HK$'000	HK$'000
Not yet past due	4.42	52,317	2,311
Less than 3 months past due	8.62	5,974	515
		58,291	2,826

Normal risk type customers	Expected loss rate	Gross carrying amount	Loss allowance
	%	HK$'000	HK$'000
Not yet past due	0.08	22,658	17
Less than 3 months past due	0.18	9,979	18
4 to 6 months past due	0.27	4,796	13
		37,433	48

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effect. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

47. FINANCIAL INSTRUMENTS (continued)

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

***Credit risk** (continued)*

(i) The following table shows the movement in lifetime ECL 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
As at 1 April 2018	–	166	166
Uncollectible amount written off	–	(166)	(166)
Impairment loss recognised	2,874	–	2,874
As at 31 March 2019 and 1 April 2019	2,874	–	2,874
Reversal of impairment loss	(2,874)	–	(2,874)
Impairment loss recognised	–	140	140
As at 31 March 2020	–	140	140

During the year ended 31 March 2020, the Group reversed approximately HK$2,734,000 loss allowance for trade receivables based on provision matrix.

Changes in the loss allowance for trade receivables are mainly due to:

	2020 Decrease in lifetime ECL Not credit-impaired HK$'000	2019 Increase in lifetime ECL Not credit-impaired HK$'000
(Decrease)/increase in gross carrying amount of trade receivables	**(2,874)**	2,874

47. FINANCIAL INSTRUMENTS (continued)

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

***Credit risk** (continued)*

(ii) The following table shows the reconciliation of loss allowances that has been recognised for loan and interest receivables.

	12-month ECL HK$'000	Lifetime ECL – not credit-impaired HK$'000	Lifetime ECL – credit-impaired HK$'000	Total HK$'000
As at 1 April 2018	–	–	–	–
Impairment loss recognised	654	–	–	654
As at 31 March 2019 and 1 April 2019	654	–	–	654
Transfer to lifetime ECL – not credit-impaired	(654)	654	–	–
Impairment loss recognised	1,550	9,675	2,657	13,882
As at 31 March 2020	1,550	10,329	2,657	14,536

Changes in the loss allowance for loan and interest receivables are mainly due to:

	2020				2019
	Increase in 12-month ECL HK$'000	**Increase in lifetime ECL – not credit-impaired HK$'000**	**Increase in Lifetime ECL – credit-impaired HK$'000**	**Total HK$'000**	Increase in 12-month ECL HK$'000
Advance of new loans receivables	**1,550**	**5,527**	**1,122**	**8,199**	654
Default interest and transferred to lifetime ECL – not credit-impaired	**(654)**	**654**	**–**	**–**	–
Default interest as significant increases in credit risk	**–**	**4,148**	**1,535**	**5,683**	–
	896	**10,329**	**2,657**	**13,882**	654

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it meets the liquidity requirements in the short and longer term.

47. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk *(continued)*

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of an adequate amount of committed credit facilities. Management aims to maintain flexibility in funding by keeping credit lines available.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities in accordance with the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Within 3 months or on demand	3 months to 1 year	1 to 5 years	Over 5 years	Undiscounted cash flows	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2020						
Non-derivative financial liabilities						
Trade payables	288	1,218	–	–	1,506	1,506
Loan and interest payables	618	5,566	–	–	6,184	5,893
Other payables and accruals	4,062	–	–	–	4,062	4,062
Unconvertible bonds	–	500	11,500	–	12,000	10,158
Lease liabilities	304	913	397	–	1,614	1,560
	5,272	8,197	11,897	–	25,366	23,179
As at 31 March 2019						
Non-derivative financial liabilities						
Trade payables	92,065	–	–	–	92,065	92,065
Loan and interest payables	591	5,083	–	–	5,674	5,381
Other payables and accruals	4,744	–	–	–	4,744	4,744
Unconvertible bonds	–	500	12,000	–	12,500	10,158
	97,400	5,583	12,000	–	114,983	112,348

The directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to meet the liquidity requirement. In order to improve the Group's liquidity, the Group implemented or is in the process of implementing the following measure:

– The Group is taking measures to tighten cost controls over administrative and other operating expenses aiming at improving the working capital and cash flow position of the Group including closely monitoring the daily operating expenses.

47. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table presents the fair value of the Group's financial instrument measured at the ended of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

Included in the Group's financial asset is equity investment fund which is measured at fair value at the end of the reporting period. The following table gives information about how the fair value of this financial asset is determined, in particular, the valuation technique(s) and input used. The Group had no financial liabilities which are measured at fair value at the end of the reporting period.

	Fair value as at 31 March		**Fair value hierarchy**	**Valuation technique(s) and key input**
	2020 HK$'000	2019 HK$'000		
Financial assets				
Listed equity securities (note 24)	**18,686**	–	Level 1	Quoted bid prices in an active market
Equity investment fund (note 23)	**–**	40,339	Level 2	Net asset values of the underlying assets. The net asset values were determined with reference to observable (quoted) prices of underlying investment portfolio and adjustments of related expenses

During the year, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3 (2019: Nil). The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

47. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement (continued)

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors consider that the carrying amounts of financial assets and financial liabilities at amortised cost in the consolidated financial statements approximate their fair values.

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2020 HK$'000	2019 HK$'000
Non-current asset			
Investments in subsidiaries	a	**16,970**	24,982
		16,970	24,982
Current assets			
Other receivables, prepayments and deposits paid		**2,627**	30
Amounts due from subsidiaries	b	**297,288**	131,743
Cash deposits held by securities brokers		**1**	1
Bank balances and cash		**944**	907
		300,860	132,681
Assets classified as held-for-sale		**–**	174,116
		300,860	306,797
Current liabilities			
Loan and interest payables		**5,893**	5,381
Other payables and accruals		**2,170**	16,246
Income tax payable		**–**	308
Amount due to a subsidiary	b	**1,278**	1,317
		9,341	23,252
Net current assets		**291,519**	283,545
Total assets less current liabilities		**308,489**	308,527
Non-current liabilities			
Unconvertible bonds		**10,158**	10,158
		298,331	298,369

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Note	2020 HK$'000	2019 HK$'000
Capital and reserves			
Share capital		**62,464**	56,785
Share premium and reserves	c	**235,867**	241,584
		298,331	298,369

(a) Investments in subsidiaries

	2020 HK$'000	2019 HK$'000
Unlisted investments, at cost	**93,673**	93,673
Less: Impairment losses recognised	**(76,703)**	(68,691)
	16,970	24,982

(b) Amounts due from/(to) subsidiaries

The amounts are unsecured, non-interest bearing and repayable on demand, except for the loan made to a subsidiary with carrying amount of approximately HK$148,600,000 (2019: approximately HK$53,600,000), which is unsecured, interest charged at 10.5% to 11% and repayable on demand.

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(c) Share premium and reserves

	Share premium HK$'000	Contributed surplus HK$'000 (Note)	Capital redemption reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2018	2,642,863	62,604	464	–	(2,413,082)	292,849
Loss for the year	–	–	–	–	(72,825)	(72,825)
Total comprehensive expense for the year	–	–	–	–	(72,825)	(72,825)
Grant of share options	–	–	–	10,647	–	10,647
Issue of shares upon exercise of share options	18,112	–	–	(7,184)	–	10,928
Share issue expenses	(15)	–	–	–	–	(15)
At 31 March 2019	2,660,960	62,604	464	3,463	(2,485,907)	241,584
At 31 March 2019 and 1 April 2019	2,660,960	62,604	464	3,463	(2,485,907)	241,584
Loss for the year	–	–	–	–	(20,451)	(20,451)
Total comprehensive expense for the year	–	–	–	–	(20,451)	(20,451)
Issue of shares upon exercise of share options	18,227	–	–	(3,463)	–	14,764
Share issue expenses	(30)	–	–	–	–	(30)
At 31 March 2020	**2,679,157**	**62,604**	**464**	**–**	**(2,506,358)**	**235,867**

Note: The contributed surplus of the Company at 31 March 2020 and 2019 represents the excess of the fair value of the subsidiaries acquired pursuant to the reorganisation in 1994, over the nominal value of the Company's shares issued for their acquisition. Under the Companies Act of Bermuda, the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital.

49. SUBSIDIARIES

The following list contains only the particulars of subsidiaries which, in the opinion of the directors, principally affected the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Details of the Group's principal subsidiaries at the end of the reporting period:

Name of company	Place of incorporation/ establishment	Class of share held	Issued share capital/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held		Principal activities
				Directly		Indirectly				
				2020 %	2019 %	**2020** %	2019 %	**2020** %	2019 %	
Golden Fair Holdings Limited	Hong Kong	Ordinary shares	HK$1	**100**	100	**–**	–	**100**	100	Investment holding
China Environmental Energy Investment (Hong Kong) Limited (formerly known as Long Great International Limited)	Hong Kong	Ordinary shares	HK$1	**–**	–	**100**	100	**100**	100	Investment holding
Greenland Holdings Limited	Hong Kong	Ordinary shares	HK$1	**–**	–	**100**	100	**100**	100	Investment holding
Ritz Services (HK) Limited	Hong Kong	Ordinary shares	HK$1	**–**	–	**100**	100	**100**	100	Provision of internet online services relating to product sales and marketing and web maintenance
Orient Time Investment Limited	Hong Kong	Ordinary shares	HK$1	**100**	100	**–**	–	**100**	100	Securities investment
Great Luck Finance Limited	Hong Kong	Ordinary shares	HK$1	**–**	–	**100**	100	**100**	100	Provision of loan as money lending
H & S Creation Limited	Hong Kong	Ordinary shares	HK$100	**–**	–	**100**	100	**100**	100	Design, OEM and Marketing of Jewelry
First Fidelity Capital (International) Limited (formerly known as C.E. Securities and Asset Management Limited)*	Hong Kong	Ordinary shares	HK$31,150,000	**–**	–	**–**	100	**–**	100	Provision of financial advisory, intermediary and asset management services
Maiden Faith Capital Group Limited* (formerly known as Gold Castle Group Limited)	BVI	Ordinary shares	USD100	**–**	100	**–**	–	**–**	100	Investment holding

* The companies were disposed during the year (note 14).

50. EVENTS AFTER THE REPORTING PERIOD

In addition to those disclosed elsewhere in the consolidated financial statements, the following events took place subsequent to the end of the reporting period:

(a) After the end of the reporting period, the outbreak of novel coronavirus ("COVID-19") continues to spread across the world. The COVID-19 has impact on the business operations of the Group and the degree of the impact depends on the situation of the epidemic preventive measures and the duration of the epidemic. The Group will monitor the developments of COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of this report, the assessment is still in progress. Given the dynamic nature of these circumstances, the related impact on the Group's consolidated results of operations, cash flows and financial condition could not be reasonably estimated at this stage and will be reflected in the Group's 2020 interim and annual financial statements.

(b) On 13 May 2020, the Company granted 59,056,660 share options under the share option scheme adopted by the Company on 30 August 2011, of which 53,150,994 share options were granted to employees and 5,905,666 share options were granted to Ms. Zhou Yaying (the director of the Company). On 5 June 2020, the Company cancelled the grant of 5,905,666 options to Ms. Zhou Yaying with the agreement of Ms. Zhou Yaying at nil consideration.