



# LFG Investment Holdings Limited

## LFG 投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 3938



INTERIM REPORT  
**2020/2021**

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# Corporate Information

## DIRECTORS

### Executive Directors

Mr. Mui Ho Cheung Gary  
*(Chairman and Chief Executive Officer)*  
Mr. Liu Chi Wai  
Mr. Ng Siu Hin Stanley  
Ms. Ho Sze Man Kristie  
Mr. Tang Chun Fai Billy *(appointed on 1 April 2020)*

### Independent Non-executive Directors

Ms. Lim Yan Xin Reina  
Mr. Poon Lai Yin Michael  
Dr. Wong Ho Ki

## AUDIT COMMITTEE

Ms. Lim Yan Xin Reina *(Chairlady)*  
Mr. Poon Lai Yin Michael  
Dr. Wong Ho Ki

## REMUNERATION COMMITTEE

Mr. Poon Lai Yin Michael *(Chairman)*  
Ms. Lim Yan Xin Reina  
Dr. Wong Ho Ki

## NOMINATION COMMITTEE

Mr. Mui Ho Cheung Gary *(Chairman)*  
Ms. Lim Yan Xin Reina  
Mr. Poon Lai Yin Michael  
Dr. Wong Ho Ki

## AUTHORISED REPRESENTATIVES

Mr. Mui Ho Cheung Gary  
Mr. Ng Siu Hin Stanley

## COMPANY SECRETARY

Mr. Lam Yau Lun

## AUDITOR

BDO Limited  
*Certified Public Accountants*  
25th Floor  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

## COMPLIANCE ADVISER

TUS Corporate Finance Limited  
15/F, Shanghai Commercial Bank Tower  
12 Queen's Road Central  
Hong Kong

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1601, 16th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICER

Boardroom Share Registrars (HK) Limited  
2103B, 21st Floor  
148 Electric Road  
North Point  
Hong Kong

## PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited  
33rd Floor, ICBC Tower  
3 Garden Road  
Central, Hong Kong

Hang Seng Bank Limited  
83 Des Voeux Road Central  
Hong Kong

Bank of China (Hong Kong) Limited  
1 Garden Road  
Hong Kong

## COMPANY'S WEBSITE

[www.legogroup.hk](http://www.legogroup.hk)

## STOCK CODE

3938

# Management Discussion and Analysis

## OVERVIEW

LFG Investment Holdings Limited (the “Company”) together with its subsidiaries (the “Group”) is an active financial services provider in Hong Kong licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). The Group principally engages in the provision of (i) corporate finance advisory services; (ii) securities and financing services; and (iii) asset management services through its main operating subsidiaries, namely Lego Corporate Finance Limited, Lego Securities Limited and Lego Asset Management Limited.

The shares of the Company (the “Shares”, each a “Share”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 30 September 2019 (the “Listing”) by way of share offer with net proceeds of approximately HK\$99.1 million. The net proceeds from the Listing strengthens the Group’s financial position and enables the Group to pursue its business strategies to continue to grow and develop its businesses.

Following the Listing, the Group aims to utilise its established integrated financial service platform for providing a wide range of financial and securities services to its clients. The Group provides corporate finance advisory services including (i) acting as sponsor to companies seeking to list on the Main Board or GEM of the Stock Exchange; (ii) acting as financial adviser and independent financial adviser; and (iii) acting as compliance adviser. On the other hand, the Group also provides placing and underwriting services, securities dealing and brokerage services, securities financing services as well as asset management services to its clients.

Corporate finance advisory business remains as the key business driver and the Group intends to leverage on its ability to continually provide high quality corporate finance advisory services to its clients. During the six months ended 30 September 2020 (the “Period”), the corporate finance advisory services have originated a majority of the revenue of the Group.

Supported by the foundation built by the corporate finance advisory services, the Group continues to develop the securities and financing services and asset management services. During the Period, the Group has completed four IPO underwriting projects, of which one of them was sponsored by the Group. As at 30 September 2020, the asset under management amounted to approximately US\$7.8 million (equivalent to approximately HK\$60.7 million).

## REVIEW

### Market Review

The world continued to face the challenge of the novel coronavirus 2019 (COVID-19) in 2020. Since World Health Organisation declared the outbreak of COVID-19 as global pandemic on 11 March 2020, global and Asia economy was forced to a standstill and economic activities around the world declined abruptly. Businesses in various industries struggled to be profitable. Hong Kong financial market and sentiment for investment is unavoidably impacted by the economic and social uncertainties.

As a result, the real GDP of Hong Kong declined by 9.0% in the second quarter of 2020. Following the Hong Kong government’s massive relief measures and the pandemic being relatively contained, the Hong Kong economy saw some improvement in the third quarter of 2020, with the year-on-year decline in real GDP narrowing visibly to 3.5%. However, the unemployment rate in September 2020 continued to surge to 6.4%, the highest in close to 16 years.

## Management Discussion and Analysis (Continued)

The Group's project pipeline remains resilient despite all these challenges. The Group's strong reputation for excellent and high performing team provides continuous support for recurring customers. The Group also maintains sufficient financial resources and strong balance sheet to fund its ongoing business requirements, operational and financial obligations. While the demand for corporate finance advisory, margin financing and underwriting services in the industry and its business, which is dependable on the market conditions, was impacted by the uncertainties described above, the Group was able to maintain a profitable track record notwithstanding the precedented events due to the pandemic.

### Business Review

The Group derived its revenue mainly from its corporate finance advisory services and securities and underwriting services during the Period, which accounted for approximately 49.4% and 41.7% (2019: approximately 83.6% and 16.2%) of the Group's total revenue, respectively. The Group's other businesses, namely securities financing and asset management services, accounted for approximately 8.8% and 0.1% (2019: 0.2% and nil) of its total revenue respectively during the Period.

#### Corporate Finance Advisory Services

The Group's corporate finance advisory services include (i) IPO sponsorship services; (ii) financial and independent financial advisory services; and (iii) compliance advisory services.

The Group's corporate finance advisory business recognised a drop in revenue of approximately 52.5%, from approximately HK\$43.2 million for the six months ended 30 September 2019 to approximately HK\$20.5 million during the Period.

##### *(i) IPO sponsorship services*

During the Period, the Group was engaged in 15 IPO sponsorship projects (2019: 22 projects) and has completed one IPO sponsorship engagement (2019: two).

Revenue generated from IPO sponsorship services was approximately HK\$7.5 million during the Period (2019: approximately HK\$15.8 million).

##### *(ii) Financial and independent financial advisory services*

The Group acts as (i) financial advisers to clients to advise them on the terms and structures of the proposed transactions, and the relevant implications and compliance matters under the Hong Kong regulatory framework including, among others, the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC; or (ii) independent financial advisers to independent board committees and/or independent shareholders of listed companies in Hong Kong rendering recommendations and opinions.

Revenue generated from financial and independent financial advisory services was approximately HK\$9.3 million during the Period (2019: approximately HK\$23.0 million). During the Period, the Group was engaged in 51 financial advisory projects and 31 independent financial advisory projects (2019: 50 and 39, respectively).

## Management Discussion and Analysis (Continued)

### (iii) *Compliance advisory services*

The Group acts as compliance advisers to listed companies in Hong Kong advising them on post-listing compliance matters in return for advisory fee.

Revenue generated from compliance advisory services was approximately HK\$3.8 million during the Period (2019: approximately HK\$4.3 million). During the Period, the Group was engaged in 19 compliance advisory projects (2019: 21 projects).

### **Securities, Underwriting and Financing Services**

The Group provides (i) placing and underwriting services by acting as global coordinator, bookrunner, lead manager or underwriter for listing applicants in IPOs and underwriter or placing agent for secondary market transactions, in return for placing and/or underwriting commission income; (ii) securities dealing and brokerage services for trading in securities on the Stock Exchange and in other overseas markets; and (iii) securities financing services to its clients by providing margin financing for securities purchases on the secondary market and IPO financing for new share subscriptions in IPOs.

During the Period, the Group recorded revenue from securities and underwriting business of approximately HK\$17.3 million (2019: HK\$8.4 million) which was mainly due to increase in average underwriting commission generated from placing and underwriting projects during the Period. The Group completed four transactions as underwriter for IPOs and did not complete any transaction as underwriter and/or placing agents for secondary market fund raising exercise (2019: 7 and 1, respectively).

### **Asset Management Services**

The Group provides fund management services to its clients.

As at 30 September 2020, the asset under management by Lego Vision Fund SP was approximately US\$7.8 million (equivalent to approximately HK\$60.7 million) (30 September 2019: US\$4.1 million, or equivalent to approximately HK\$31.9 million). The revenue generated from asset management services was approximately HK\$30,000 during the Period (2019: HK\$20,000).

## **Financial Review**

### **Revenue**

The total revenue of the Group decreased from approximately HK\$51.6 million for the six months ended 30 September 2019 to approximately HK\$41.5 million for the Period, representing a decrease of approximately 19.6%, mainly as a result of decrease in revenue of the corporate finance advisory services, partially offset by the increase in revenue of securities and underwriting services.

### **Administrative and Other Expenses**

The Group's administrative and other expenses decreased by approximately 36.7% from approximately HK\$17.3 million for the six months ended 30 September 2019 to approximately HK\$10.9 million for the Period, primarily due to recognition of listing expenses of approximately HK\$8.0 million for the six months ended 30 September 2019.

# Management Discussion and Analysis (Continued)

## Staff Costs

Staff costs increased slightly by approximately 2.2% from approximately HK\$24.6 million for the six months ended 30 September 2019 to approximately HK\$25.1 million for the Period primarily due to increase in bonus to the staff during the Period.

## Finance Costs

Finance costs represented interest expense recognised on right-of-use assets and interest expense payable for margin financing incurred by the fund under management by the Group. The Group recorded finance costs of approximately HK\$0.3 million during the Period (2019: HK\$0.6 million).

## Profit attributable to the owners of the Company

Profit for the Period attributable to the owners of the Company increased to approximately HK\$12.3 million (2019: approximately HK\$5.5 million) primarily due to recognition of listing expenses for the six months ended 30 September 2019.

## Liquidity, Financial Resources and Capital Structure

During the Period, the Group's working capital and other capital requirements were principally satisfied by cash generated from the Group's operations and capital.

As at 30 September 2020, the Group's net current assets amounted to approximately HK\$160.5 million (31 March 2020: approximately HK\$165.2 million), and its liquidity as represented by current ratio (current assets/current liabilities) was approximately 2.3 times (31 March 2020: approximately 2.0 times). Cash and bank balances amounted to approximately HK\$33.0 million (31 March 2020: approximately HK\$127.9 million). As at 30 September 2020, the Group has no bank loans but has short term advances from margin financing of approximately HK\$19.4 million (31 March 2020: HK\$8.3 million). As at 30 September 2020, the Group's total debt incurred (including advances from margin financing and lease liabilities) were approximately HK\$24.9 million (31 March 2020: HK\$17.0 million), representing a gearing ratio of approximately 14.7% (31 March 2020: 9.8%).

Gearing ratio is calculated based on total debts divided by the total equity as at the end of the Period.

## Pledge of Assets

As at 30 September 2020, the Group did not have any pledged assets (31 March 2020: nil).

## Foreign Currency Exposure

The majority of the Group's revenue is denominated in Hong Kong dollars and the Group's accounts are prepared in Hong Kong dollars. Consequently, the exposure to the risk of foreign exchange rate fluctuations for the Group is immaterial.

## Capital Commitments and Contingent Liabilities

As at 30 September 2020, the Group did not have any significant capital commitment and contingent liabilities (31 March 2020: nil).

# Management Discussion and Analysis (Continued)

## Employees and Remuneration Policies

As at 30 September 2020, the Group employed 50 staff (including executive directors of the Company) (31 March 2020: 46). The remuneration of the Group's employees generally consists of monthly salary, which is determined based on, among other things, the employees' experience, qualification, position and responsibilities and discretionary bonus which is determined at the management's sole discretion based on, among other things, the relevant employee's performance and the Group's financial performance. Moreover, the Group provides employees training programs or subsidies employees to attend various job related training courses. Employee benefit expenses primarily consist of salaries, bonus and allowance as well as contributions to the mandatory provident fund for the executive directors and employees of the Group.

Apart from basic remuneration, share options may be granted under the share option scheme of the Company to eligible employees by reference to the Group's performance as well as the individual's contribution. As disclosed in the prospectus of the Company dated 17 September 2019 (the "Prospectus"), the Company adopted the pre-IPO share option scheme on 6 March 2019 and a post-IPO share option scheme on 10 September 2019 to incentivise and retain staff members who have made contributions to the success of the Group. The directors of the Company (the "Director(s)") believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

## Significant Investments held by the Group

As at 30 September 2020, the Group held 28,807.172 non-voting shares in Lego Vision Fund SP (which represented 52.2% of total non-voting shares of Lego Vision Fund SP) with aggregate value of approximately US\$4.1 million (equivalent to approximately HK\$31.9 million), which represented 10.7% of the total assets of the Company. During the Period, the net asset value per share in respect of Lego Vision Fund SP held by the Group was increased from US\$96.3 (equivalent to approximately HK\$751.1) on 1 April 2020 to approximately US\$140.6 (equivalent to approximately HK\$1,096.7) on 30 September 2020, representing an overall positive return of approximately 46.0% during the Period. With the attractive portfolio of Lego Vision Fund SP, the fund manager believes that the performance of Lego Vision Fund SP can continue to outperform in the financial year 2020/2021. Accordingly, the Group intends to maintain its investment in Lego Vision Fund SP as a long-term investment.

During the Period, the Group has invested in 15% interest in a Hong Kong incorporated company (the "Tech Company") which is principally engaged in cybersecurity technology utilising blockchain and related technology at a consideration of approximately HK\$0.5 million. The Tech Company is a start-up company incorporated in April 2020. It recorded a loss of approximately HK\$2 million during the Period and is expected to break even in 2022.

## Material Acquisitions and Disposal of Subsidiaries and Capital Assets

On 4 May 2020, the Group acquired 99.6% interest in Lohas Holdings Limited at a consideration of approximately HK\$0.8 million. A subsidiary of Lohas Holdings Limited is applying an insurance license and plans to launch and sell insurance products to retail and high net worth clients. The acquisition was made with an aim to diversify the Group's business portfolio and expand the Group's revenue stream.

Save for the above, the Group did not have any material acquisitions and disposals of subsidiaries and capital assets during the Period.



# Management Discussion and Analysis (Continued)

## Risk Management

The objective of the Group's risk management is to achieve an appropriate balance between risk and return, and reduce the negative impact on its operating results and maximise shareholder's value. The Group's risk management strategy is to identify and analyse the various risks faced by the Group, establish appropriate risk tolerance, and reliably measure and monitor the risks on a timely and effective manner to ensure the risks are controlled within the tolerance level.

## Outlook and Prospect

Global and Asia economy faced significant uncertainties due to the global pandemic. Businesses around the world are also challenged by the new norm of conducting businesses, and ensuring the safety of its employees and customers. The Hong Kong financial market as a result remained volatile against the backdrop of such unprecedented events with global economy dipped into recession. In addition, the market continued to be sensitive to uncertainties, such as the fallout of US election, Sino-US trade dispute, U.S. interest rate outlook, outcome of Brexit and social unrest in Hong Kong (the "Uncertainties").

Any adverse market condition or market sentiment may affect clients' decision on the scale, timing and platform in respect of their fund raising needs, which may lead to lower demand for, delay to or termination of fund raising activities and the Group's services.

With the Group's diversified business portfolio which creates synergies between its business lines and the Group's experiences to advise on broad spectrum of corporate transactions which covers not only fund raising activities, but also resumption, restructuring and other corporate actions, the Group remains capable of securing new mandates and maintaining a healthy project pipeline. However, the Group remains cautious on the impact of the Uncertainties and its business and revenue may likely be adversely affected if the Uncertainties continue to dampen the outlook of the market.

The successful Listing strengthens the Group's capital base and enhances its reputation in the market, which in turn increases the Group's competitiveness in securing corporate finance advisory mandates and underwriting and placing engagements and seizing opportunities for its securities financing business. The Group expects to maintain sufficient financial resources and strong balance sheet to fund its ongoing business requirements, operational and financial obligations.

Looking ahead, the Company will continue to adhere to its strict and prudent risk management and compliance strategy. The Group will also capitalise on the advantages of being a fully licensed broker in Hong Kong to provide high-quality professional services on corporate finance advisory, securities and financing, and asset management for outstanding enterprises in Asia and around the world. The Group expects to weather the economy downturn and aims to create long-term return to its shareholders and investors and endeavor to establish the Company as a top comprehensive financial services institution in the region.

# Corporate Governance/Other information

## CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the "Shareholders") and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

### Compliance with Corporate Governance Code

During the Period, the Company has complied with all applicable code provisions under the CG Code and adopted most of the best practices set out therein except for the following provision.

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

Mr. Mui Ho Cheung Gary currently holds both positions. Mr. Mui, an executive Director and controlling Shareholder, has held key leadership position of the Group since March 2016 and has been responsible for overall strategic planning, management, operation and business development of the Group. The Directors (including the independent non-executive Directors) consider that Mr. Mui is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and the Shareholders as a whole.

The Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the "comply or explain" principle in the corporate governance report which will be included in the annual reports.

The Directors have a balanced mix of experience and industry background, including but not limited to experience in the corporate finance, legal, business advisory and accounting industries. The three independent non-executive Directors who have different industry backgrounds, represent more than one-third of the members of the board (the "Board") of Directors.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with the Directors, all of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the Period.

## INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2020 (2019: HK\$0.025 per Share).

## AUDIT COMMITTEE

The Board has established an audit committee (the "Audit Committee"), which comprises three independent non-executive Directors, namely, Ms. Lim Yan Xin Reina (Chairlady), Mr. Poon Lai Yin Michael and Dr. Wong Ho Ki. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and Stock Exchange).

## Corporate Governance/Other information (Continued)

### **REVIEW OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 September 2020 have been reviewed by our auditor, BDO Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has also reviewed the unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 September 2020 including the accounting principles and practices adopted by the Group.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 September 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

### **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save for the disclosure as set out under the section headed “Use of Net Proceeds from Listing” below, the Group did not have any specific future plan for material investments or capital assets as at 30 September 2020.

## Corporate Governance/Other information (Continued)

### USE OF NET PROCEEDS FROM LISTING

The Shares were listed on the Main Board of the Stock Exchange on 30 September 2019. Net proceeds (after deducting the underwriting fees and estimated expenses payable by the Company) from the share offer of the Company (the “Share Offer”) amounted to approximately HK\$99.1 million. Accordingly, the Group adjusted the use of proceeds in the same manner as stated in the Prospectus. The details of intended application of net proceeds from the Share Offer and actual usage up to 30 September 2020 are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from the share offer (HK\$ million)	Utilised up to 30 September 2020 (HK\$ million)	Unutilised as at 30 September 2020 (HK\$ million)	Expected timeline of full utilisation of the unutilised proceeds
Increase capital base for underwriting business	56.8%	56.3	56.3	–	Fully utilised
Expand equity capital markets (ECM) team	4.1%	4.1	0.5	3.6	By the end of financial year ending 31 March 2022
Invest seed money for new fund under the asset management business	13.6%	13.5	11.7	1.8	By the end of financial year ending 31 March 2021
Increase capital base for the securities financing business	9.1%	9.0	9.0	–	Fully utilised
Expand corporate finance advisory team	6.4%	6.3	0.3	6.0	By the end of financial year ending 31 March 2022
Working capital and general corporate purposes	10.0%	9.9	9.9	–	Fully utilised
<b>Total</b>	<b>100.0%</b>	<b>99.1</b>	<b>87.7</b>	<b>11.4</b>	

The unutilised net proceeds are placed in licensed banks in Hong Kong as at 30 September 2020.

## Corporate Governance/Other information (Continued)

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

As at 30 September 2020, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### (i) Interests in the Shares and underlying Shares

Name of Director	Capacity/Nature of Interest	Number of Shares held/ interested <sup>(1)</sup>	Approximate percentage of shareholding <sup>(2)</sup>
Mr. Mui Ho Cheung Gary ("Mr. Mui")	Interest of controlled corporation <sup>(3)</sup>	299,492,188 (L)	73.77%
	Beneficial owner <sup>(4)</sup>	4,763,452 (L)	1.17%
Mr. Liu Chi Wai ("Mr. Liu")	Beneficial owner <sup>(5)</sup>	1,732,165 (L)	0.43%
Mr. Ng Siu Hin Stanley ("Mr. Ng")	Beneficial owner <sup>(6)</sup>	1,732,165 (L)	0.43%
Ms. Ho Sze Man Kristie ("Ms. Ho")	Beneficial owner <sup>(7)</sup>	1,732,165 (L)	0.43%
Mr. Tang Chun Fai Billy ("Mr. Tang")	Beneficial owner <sup>(8)</sup>	909,387 (L)	0.22%

Notes:

- (1) The letter "L" denotes the person's long position in the relevant Shares or underlying Shares.
- (2) There were 405,962,965 Shares in issue as at 30 September 2020.
- (3) Mr. Mui legally and beneficially owns approximately 90.38% of the issued shares of Lego Financial Group Limited and is its sole director. Accordingly, Mr. Mui is deemed to be interested in the 299,492,188 Shares held by Lego Financial Group Limited by virtue of the SFO.
- (4) Mr. Mui is interested in the 4,763,452 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the pre-IPO share option scheme approved and adopted by the Company on 6 March 2019 ("Pre-IPO Share Option Scheme").
- (5) Mr. Liu is interested in the 1,732,165 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Pre-IPO Share Option Scheme.
- (6) Mr. Ng is interested in the 1,732,165 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Pre-IPO Share Option Scheme.
- (7) Ms. Ho is interested in the 1,732,165 underlying Shares which may be allotted and issued to her upon full exercise of all the options granted to her under the Pre-IPO Share Option Scheme.
- (8) Mr. Tang is interested in the 909,387 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Pre-IPO Share Option Scheme.

## Corporate Governance/Other information (Continued)

### (ii) Interests in shares of the associated corporation

Name of Director	Associated corporation	Capacity/ Nature of Interest	Number of shares held <sup>(1)</sup>	Approximate percentage of shareholding in the associated corporation
Mr. Mui	Lego Financial Group Limited	Beneficial owner	8,450 (L)	90.38%
Mr. Liu	Lego Financial Group Limited	Beneficial owner	350 (L)	3.74%
Mr. Ng	Lego Financial Group Limited	Beneficial owner	350 (L)	3.74%
Ms. Ho	Lego Financial Group Limited	Beneficial owner	100 (L)	1.07%

Note:

(1) The letter "L" denotes the person's long position in the relevant shares of the associated corporation.

Save as disclosed above, as at 30 September 2020, none of the Directors or the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### CHANGES TO DIRECTORS' INFORMATION

There was no change to any information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules since the publication of the annual report of the Company for the year ended 31 March 2020.

## Corporate Governance/Other information (Continued)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2020, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares/ underlying Shares held/interested <sup>(1)</sup>	Approximate percentage of shareholding <sup>(2)</sup>
Lego Financial Group Limited	Beneficial owner	299,492,188 (L)	73.77%
Ms. Ki Sin Yee Cindy ("Ms. Ki")	Interest of spouse <sup>(3)</sup>	304,255,640 (L)	74.95%
Mr. Wong Wing Shing	Beneficial owner	20,820,312 (L)	5.13%

Notes:

- (1) The letter "L" denotes the person's long position in the relevant Shares or underlying Shares.
- (2) There were 405,962,965 Shares in issue as at 30 September 2020.
- (3) Ms. Ki is the spouse of Mr. Mui and is therefore deemed to be interested in all the Shares and underlying Shares that Mr. Mui is interested by virtue of the SFO.

Save as disclosed above, as at 30 September 2020, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

### SHARE OPTION SCHEMES

#### (a) Pre-IPO Share Option Scheme

The Company has conditionally adopted the Pre-IPO Share Option Scheme, which was approved by the written resolution of the then sole shareholder passed on 6 March 2019. The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of, and to provide an incentive to, certain staff of the Group who have contributed and/or will contribute to the Group, in order to motivate and retain them for the operation and development of the Group.

An option shall vest unto a grantee and may be exercised by the grantee during the option period (the "Option Period"), being a period commencing from the Listing Date (i.e. 30 September 2019) and ending on 6 March 2027, being the eighth anniversary of the date of adoption of the Pre-IPO Share Option Scheme, and in accordance with the manner provided in the grant letter of the option issued by the Company to the grantee subject to any adjustments under the Pre-IPO Share Option Scheme. The options shall only be exercised in following manner:

- (a) not more than 10,200,000 Shares (representing not more than 30% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing from the Listing Date and ending on the day immediately before the first anniversary of the Listing Date (the "First Vesting Period");
- (b) not more than 10,200,000 Shares (representing not more than 30% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing on the day falling on the first anniversary of the Listing Date and ending on the day immediately before the second anniversary of the Listing Date (the "Second Vesting Period"); and
- (c) the remaining Shares comprised in the options under the Pre-IPO Share Option Scheme (being not more than 13,600,000 Shares, representing not more than 40% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) shall vest unto the grantees and become exercisable during the period commencing on the day falling on the second anniversary of the Listing Date and ending on the day immediately before the third anniversary of the Listing Date (the "Third Vesting Period"). For the avoidance of doubt, any outstanding and unexercised option(s) at the end of the First Vesting Period shall be carried over to the Second Vesting Period and shall be exercisable during the Second Vesting Period. Any outstanding and unexercised option(s) at the end of the Second Vesting Period shall be carried over to the Third Vesting Period and shall be exercisable during the Third Vesting Period and until the end of the Option Period.



## Corporate Governance/Other information (Continued)

Details of the interests of the Directors, chief executive, senior management and other employees of the Group in the options under the Pre-IPO Share Option Scheme are set out below:

Name of grantee	Date of grant	Exercise period	Subscription price per Share (HK\$)	Number of Shares in relation to outstanding options as at 1 April 2020	Granted during the six months ended 30 September 2020	Exercised during the six months ended 30 September 2020	Cancelled during the six months ended 30 September 2020	Lapsed during the six months ended 30 September 2020	Number of Shares in relation to outstanding options as at 30 September 2020
<b>Directors</b>									
Mr. Mui	6 March 2019	First Vesting Period	0.6	1,429,035	-	-	-	-	1,429,035
		Second Vesting Period	0.6	1,429,035	-	-	-	-	1,429,035
		Third Vesting Period	0.6	1,905,382	-	-	-	-	1,905,382
Mr. Liu	6 March 2019	First Vesting Period	0.6	519,649	-	-	-	-	519,649
		Second Vesting Period	0.6	519,649	-	-	-	-	519,649
		Third Vesting Period	0.6	692,867	-	-	-	-	692,867
Mr. Ng	6 March 2019	First Vesting Period	0.6	519,649	-	-	-	-	519,649
		Second Vesting Period	0.6	519,649	-	-	-	-	519,649
		Third Vesting Period	0.6	692,867	-	-	-	-	692,867
Ms. Ho	6 March 2019	First Vesting Period	0.6	519,649	-	-	-	-	519,649
		Second Vesting Period	0.6	519,649	-	-	-	-	519,649
		Third Vesting Period	0.6	692,867	-	-	-	-	692,867
Mr. Tang (appointed on 1/4/2020)	6 March 2019	Second Vesting Period	0.6	389,737	-	-	-	-	389,737
		Third Vesting Period	0.6	519,650	-	-	-	-	519,650
Subtotal				10,869,334	-	-	-	-	10,869,334
Senior management and other employees in aggregate	6 March 2019	First Vesting Period	0.6	662,551	-	-	-	(207,858)	454,693
		Second Vesting Period	0.6	5,508,273	-	-	-	(428,709)	5,079,564
		Third Vesting Period	0.6	7,344,410	-	-	-	(571,620)	6,772,790
Other participant	6 March 2019	First Vesting Period	0.6	194,868	-	-	-	-	194,868
		Second Vesting Period	0.6	194,868	-	-	-	-	194,868
		Third Vesting Period	0.6	259,826	-	-	-	-	259,826
<b>Total</b>				<b>25,034,130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,208,187)</b>	<b>23,825,943</b>

For details of the Pre-IPO Share Option Scheme, please refer to Appendix IV to the Prospectus.

## Corporate Governance/Other information (Continued)

### (b) Share Option Scheme

The Company has adopted the share option scheme (the “Share Option Scheme”), which was approved by the written resolutions of the then Shareholders passed on 10 September 2019 and became effective on the Listing Date. The purpose of the Share Option Scheme is to enable the Board to grant options to eligible persons as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high caliber eligible persons and attract human resources that are valuable to the Group. For details of the Share Option Scheme, please refer to Appendix IV to the Prospectus.

During the Period, no option had been granted or agreed to be granted by the Company under the Share Option Scheme.

By order of the Board  
**Mui Ho Cheung Gary**  
*Chairman, Chief Executive Officer  
and Executive Director*

Hong Kong, 25 November 2020

# Report on Review of Condensed Consolidated Interim Financial Statements

## TO THE BOARD OF DIRECTORS OF LFG INVESTMENT HOLDINGS LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the condensed consolidated interim financial statements set out on pages 19 to 54, which comprises the condensed consolidated statement of financial position of LFG Investment Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 September 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the “condensed consolidated interim financial statements”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“HKSRE 2410”) issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

#### **BDO Limited**

*Certified Public Accountants*

#### **Chan Wing Fai**

Practising Certificate Number P05443

Hong Kong, 25 November 2020

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2020

	Notes	Six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	6		
Corporate finance advisory services		20,517	43,160
Securities and underwriting services		17,312	8,350
Interest income from margin financing services		3,642	117
Asset management services		30	20
<b>Total revenue</b>		<b>41,501</b>	51,647
Other income and gains or losses, net	7	12,543	641
Staff costs		(25,117)	(24,569)
Administrative and other expenses		(10,940)	(17,275)
Expected credit loss on accounts receivable		(3,378)	(216)
Finance costs	8	(332)	(554)
<b>Profit before income tax expenses</b>	9	<b>14,277</b>	9,674
Income tax expenses	10	(2,118)	(4,132)
<b>Profit for the period</b>		<b>12,159</b>	5,542
Other comprehensive income for the period:			
Item that may be reclassified subsequently to profit or loss:			
— Exchange difference on translation of financial statements of foreign operations		—	2
Item that may not be reclassified subsequently to profit or loss:			
— Net change in financial assets at fair value through other comprehensive income		31	—
<b>Other comprehensive income for the period</b>		<b>31</b>	2
<b>Total comprehensive income for the period</b>		<b>12,190</b>	5,544

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended 30 September 2020

	Notes	Six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		<b>12,309</b>	5,542
Non-controlling interests		<b>(150)</b>	–
		<b>12,159</b>	5,542
Total comprehensive income for the period attributable to:			
Owners of the Company		<b>12,340</b>	5,544
Non-controlling interests		<b>(150)</b>	–
		<b>12,190</b>	5,544
Earnings per share from profit for the period attributable to owners of the Company:			
Basic	12	<b>3.0 HK cents</b>	1.7 HK cents
Diluted		<b>2.9 HK cents</b>	1.7 HK cents

# Condensed Consolidated Statement of Financial Position

As at 30 September 2020

	Notes	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	13	1,094	1,511
Intangible asset		500	500
Deposits paid	17	2,113	1,231
Right-of-use assets		5,338	8,518
Financial assets at fair value through other comprehensive income	14	571	–
		<b>9,616</b>	11,760
<b>Current assets</b>			
Financial assets at fair value through profit or loss	15	84,408	50,721
Accounts receivable	16	125,954	132,923
Other receivables, deposits and prepayments	17	2,267	1,692
Cash and bank balances — held on behalf of customers	18	43,290	22,624
Cash and bank balances	19	33,022	127,861
		<b>288,941</b>	335,821
<b>Current liabilities</b>			
Accounts payable	20	77,204	43,796
Accruals and other payables	21	6,324	86,630
Other financial liabilities	22	29,292	18,716
Lease liabilities		5,107	6,478
Convertible bonds	27	1,170	–
Deferred revenue	6	8,607	8,509
Tax payables		695	6,534
		<b>128,399</b>	170,663
<b>Net current assets</b>		<b>160,542</b>	165,158
<b>Total assets less current liabilities</b>		<b>170,158</b>	176,918
<b>Non-current liabilities</b>			
Lease liabilities		463	2,285
<b>Net assets</b>		<b>169,695</b>	174,633
<b>Equity</b>			
Share capital	23	4,060	4,060
Share premium		110,371	110,371
Reserves		53,868	60,202
Equity attributable to owners of the Company		<b>168,299</b>	174,633
Non-controlling interests		<b>1,396</b>	–
<b>Total equity</b>		<b>169,695</b>	174,633

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

	Attributable to owners of the Company								Total equity HK\$'000
	Share capital HK\$'000 (Note 23)	Share premium HK\$'000 (Note a)	Share option reserve HK\$'000 (Note b)	Revaluation reserve HK\$'000 (Note c)	Other reserve HK\$'000 (Note e)	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 April 2020 (Audited)	4,060	110,371	4,100	-	36,311	19,791	174,633	-	174,633
Profit for the period	-	-	-	-	-	12,309	12,309	(150)	12,159
Other comprehensive income:									
Net change in financial assets at fair value through other comprehensive income	-	-	-	31	-	-	31	-	31
Total comprehensive income for the period	-	-	-	31	-	12,309	12,340	(150)	12,190
Recognition of equity settled share-based payment (note 24)	-	-	1,218	-	-	-	1,218	-	1,218
Lapse of share options	-	-	(57)	-	-	57	-	-	-
Dividend (note 11)	-	-	-	-	-	(19,892)	(19,892)	-	(19,892)
Acquisition of subsidiaries (note 26)	-	-	-	-	-	-	-	1,546	1,546
At 30 September 2020 (Unaudited)	4,060	110,371	5,261	31	36,311	12,265	168,299	1,396	169,695

# Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 September 2020

	Attributable to owners of the Company						
	Share capital	Share premium	Share Option reserve	Exchange reserve	Other reserve	Retained earnings	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 23)	(Note a)	(Note b)	(Note d)	(Note e)		
At 1 April 2019 (Audited)	398	–	730	–	35,913	21,788	58,829
Profit for the period	–	–	–	–	–	5,542	5,542
Other comprehensive income:							
Exchange difference on translation of financial statements of foreign operations	–	–	–	2	–	–	2
Total comprehensive income for the period	–	–	–	2	–	5,542	5,544
Recognition of equity settled share-based payment (note 24)	–	–	2,733	–	–	–	2,733
Exercise of share options	58	4,345	(926)	–	–	–	3,477
Lapse of share options	–	–	(7)	–	–	7	–
Dividend (note 11)	–	–	–	–	–	(6,000)	(6,000)
Arising on reorganisation	(398)	–	–	–	398	–	–
Capitalisation issue of shares	3,280	(3,280)	–	–	–	–	–
Issue of shares under public offer and placing	720	120,240	–	–	–	–	120,960
Share issue expenses	–	(11,728)	–	–	–	–	(11,728)
At 30 September 2019 (Unaudited)	4,058	109,577	2,530	2	36,311	21,337	173,815

Notes:

**(a) Share premium**

It represents the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.

**(b) Share option reserve**

It represents cumulative expense recognised on the granting of share options to the grantees over the vesting periods.

**(c) Revaluation reserve**

It represents fair value changes of financial assets measured at fair value through other comprehensive income.

**(d) Exchange reserve**

It represents gains/losses arising on retranslating the net assets of foreign operations into presentation currency.

**(e) Other reserve**

It represents difference between the nominal value of the Company's shares issued pursuant to the reorganisation and the nominal value of the share capital of a subsidiary.



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>Net cash (used in)/generated from operating activities</b>	<b>(77,881)</b>	28,116
<b>Cash flows from investing activities</b>		
Interest received	1,050	662
Dividend received	444	–
Purchases of property, plant and equipment	–	(714)
Acquisition of financial assets at FVTOCI	(540)	–
Acquisition of subsidiaries	2,715	–
<b>Net cash generated from/(used in) investing activities</b>	<b>3,669</b>	(52)
<b>Cash flows from financing activities</b>		
Interest paid on margin financing	(117)	(160)
Interest paid on lease liabilities	(215)	(394)
Payment of lease liabilities	(3,193)	(3,013)
Payment of listing expenses	–	(11,728)
Dividend paid	(19,892)	(6,000)
Net proceeds from exercise of share options	–	3,477
Proceeds from issue of shares	–	120,960
Proceeds from issue of redeemable participating shares	7,367	8,281
Payment for redemption of redeemable participating shares	(4,577)	–
<b>Net cash (used in)/generated from financing activities</b>	<b>(20,627)</b>	111,423
<b>Net (decrease)/increase in cash and bank balances</b>	<b>(94,839)</b>	139,487
<b>Cash and bank balances at the beginning of the period</b>	<b>127,861</b>	52,186
<b>Effect of exchange rate changes on cash and bank balances</b>	<b>–</b>	2
<b>Cash and bank balances at the end of the period</b>	<b>33,022</b>	191,675

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2020

## 1. GENERAL INFORMATION

LFG Investment Holdings Limited (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands. Its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business in Hong Kong is located at Room 1601, 16th Floor, China Building, 29 Queen’s Road Central, Hong Kong. The Company is an investment holding company and, together with its subsidiaries, are principally engaged in corporate finance advisory services, securities and underwriting services, securities financing services and asset management services.

## 2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”), issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). These condensed consolidated interim financial statements were authorised for issue on 25 November 2020.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2019/2020 annual consolidated financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 April 2020.

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 5.

These condensed consolidated interim financial statements are presented in Hong Kong Dollars (“HK\$”) which is also the functional currency of the Company, and all values are rounded to the nearest thousands, unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019/2020 annual consolidated financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) and should be read in conjunction with the 2019/2020 annual consolidated financial statements.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 2. BASIS OF PREPARATION *(Continued)*

These condensed consolidated interim financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

## 3. SIGNIFICANT EVENTS

The World Health Organisation declared COVID-19 a global health pandemic on 11 March 2020. Since then, the Group has experienced adverse impact to its operations in the following respects:

- Decreased demand for certain corporate finance advisory services;
- Slow down in expansion of the amount of assets under management of the asset management services; and
- Significant uncertainty concerning when government lockdowns will be lifted, social distancing requirements and travel restrictions will be eased and the long-term effects of the pandemic on the demand for the Group's financial services in Hong Kong.

The significant events and transactions that have occurred since 31 March 2020 relate to the effects of the global pandemic on the Group's condensed consolidated interim financial statements for the six months ended 30 September 2020 and are summarised as follows.

### (a) Decrease in revenue from corporate finance advisory services

As disclosed in note 6, most revenue streams of the corporate finance advisory services have experienced reductions since the pandemic's effects became widespread.

### (b) Government grants

The Group applied for various government support programs introduced in response to the global pandemic.

Included in profit or loss is approximately HK\$1,795,000 of government grants obtained relating to supporting the payroll of the Group's employees. The Group has elected to present this government grant by reducing the related expense. The Group had to commit to spending the assistance on payroll expenses, and not deliberately reduce employee head count below prescribed levels for a specified period of time. The Group does not have any unfulfilled obligations relating to this program.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 3. SIGNIFICANT EVENTS *(Continued)*

### (c) Expected credit losses

The Group makes estimates of expected credit losses attributable to accounts receivable, including the incorporation of forward-looking information to supplement historical credit loss rates.

The economic downturn and uncertainties that have arisen as a result of COVID-19 have made these estimates more judgemental, which the Group has taken into account in its determination of applicable expected credit losses.

## 4. CHANGES IN ACCOUNTING POLICIES

The Group has applied the same accounting policies in these condensed consolidated interim financial statements as in its 2019/2020 annual consolidated financial statements, except that it has adopted the following amendments to HKFRSs:

- Amendments to HKFRS 3: Definition of a Business, which is first effective for the current accounting period

### Amendments to HKFRS 3: Definition of a Business

The amendments clarify the definition of a business and introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election to apply the concentration test is made for each transaction. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the concentration test is met, the set of activities and assets is determined not to be a business. If the concentration test is failed, the acquired set of activities and assets is further assessed based on the elements of a business.

## 5. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2019/2020 annual consolidated financial statements.

However, as disclosed in note 3, the effects of COVID-19 have required significant judgments and estimates to be made, including:

- (a) Assessing whether the entity has reasonable assurance as to whether it will comply with the conditions attached to government grants;
- (b) Calculating the recoverable amount for cash generating units that exhibit indicators of impairment as at the period end, and determining the amount of impairment attributable to the cash generating units; and
- (c) Determining which information obtained subsequent to period end provides evidence of conditions that existed as at the end of the reporting period ('adjusting events after the reporting period') and which do not ('non-adjusting events after the reporting period').

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 6. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable by the Group from external customers.

Information reported to the executive directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on revenue for each type of services provided. The CODM considers the business from service perspectives whereby assesses the performance of the services based on revenue generated in the course of the ordinary activities of a recurring nature of the Group.

The CODM considers the businesses of the Group as a whole is engaged in corporate finance advisory services. Therefore the management of the Group considers that the Group only has one single operating segment. As no discrete financial information is available for identifying operating segments among different services, no further analysis of segment information is presented.

### (a) Nature of services

Services	Nature, timing of satisfaction of performance obligation and significant payment terms
(i) Corporate finance advisory services	<p>Acting as a sponsor to companies seeking to list in Hong Kong advising and guiding them and their directors throughout the listing process. Sponsor fee income are recognised over time during the initial public offering ("IPO") process;</p> <p>Acting as a financial adviser to listed companies in Hong Kong as well as their shareholders and investors advising them on transactions involving the Listing Rules, GEM Listing Rules or Takeovers Code. Financial advisory fee income are recognised over time during the service period;</p> <p>Acting as an independent financial adviser to independent board committees and independent shareholders of listed companies in Hong Kong rendering recommendations and opinions. Independent financial advisory fee income are recognised over time during the service period; and</p> <p>Acting as a compliance adviser to listed companies in Hong Kong advising them on post-listing matter. Compliance consultancy fee income are recognised over time during the service period.</p>

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 6. REVENUE AND SEGMENT INFORMATION *(Continued)*

### (a) Nature of services *(Continued)*

Services	Nature, timing of satisfaction of performance obligation and significant payment terms
(ii) Securities and underwriting services	
(1) Placing and underwriting services	Acting as a global coordinator, a bookrunner, a lead manager or an underwriter for listing applicants in IPOs and acting as an underwriter or a placing agent for secondary market transactions. Income is recognised at point in time and billed while the services are performed.
(2) Securities dealing and brokerage services	Providing (i) securities dealing and brokerage services for trading in securities on the Stock Exchange (including equities, exchange traded products, derivative warrants, callable bull/bear contracts, real estate investment trusts and debt securities) and securities on the major exchanges in the United States; (ii) other services including script handling and settlement services, account maintenance services and nominee, corporate action, investor relations and related services. Commission income is recognised as income on a trade date basis when the services are rendered. Service fee is billed while the services are performed.
(3) Securities financing services	Providing margin financing for securities purchases on the secondary market and IPO financing for new share subscriptions in IPOs. Interest income 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.
(iii) Asset management services	Providing investment advisory and asset management services. The asset management income is charged at a fixed percentage per annum of the asset value of the funds under management of the Group. The Group is also entitled to a performance fee for certain accounts when pre-set performance target for the relevant performance period is met. The performance fee is recognised when it is highly probable that a significant reversal in the revenue recognised will not occur when the performance target is evaluated on an annual basis for each of the account.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 6. REVENUE AND SEGMENT INFORMATION *(Continued)*

### (b) Disaggregation of revenue from contracts with customers

The Group's revenue recognised during the period is as follows:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>By major service type:</b>		
Corporate finance advisory services		
Sponsor fee income	7,468	15,848
Advisory fee income		
— financial and independent financial advisory	9,253	23,012
— compliance advisory	3,796	4,300
	<b>20,517</b>	<b>43,160</b>
Securities and underwriting services	17,312	8,350
Interest income from margin financing services	3,642	117
Asset management services	30	20
Total	<b>41,501</b>	<b>51,647</b>
<b>Revenue from contracts with customers:</b>		
Corporate finance advisory services	20,517	43,160
Securities and underwriting services	17,312	8,350
Asset management services	30	20
	<b>37,859</b>	<b>51,530</b>
<b>Revenue from other sources:</b>		
Interest income from margin financing services	3,642	117
	<b>41,501</b>	<b>51,647</b>

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 6. REVENUE AND SEGMENT INFORMATION *(Continued)*

### (b) Disaggregation of revenue from contracts with customers *(Continued)*

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>Timing of revenue recognition from contracts with customers:</b>		
Services transferred at a point in time	17,312	8,350
Services transferred over time	20,547	43,180
	<b>37,859</b>	51,530

### (c) The following table provides information about accounts receivable and contract liabilities at the end of the period/year:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Accounts receivable (note 16)	125,954	132,923
Deferred revenue	8,607	8,509
<b>Movements in deferred revenue:</b>		
Balance at the beginning of the period/year	8,509	9,255
Decrease in deferred revenue as a result of recognising revenue during the period/year that was included in the deferred revenue at the beginning of the period/year	(2,687)	(7,430)
Increase in deferred revenue as a result of billing in advance of corporate finance advisory services	2,785	6,684
Balance at the end of the period/year	<b>8,607</b>	8,509

Sponsor fee income is generally received in advance prior to the beginning of each project and is initially recorded as deferred revenue in the condensed consolidated statement of financial position. The portion of income received from customers but not yet earned is recorded as deferred revenue in the condensed consolidated statement of financial position and be reflected as a current liability if such amount represents revenue that the Group expects to recognise within one year from each reporting date.

Deferred revenue mainly relates to advance consideration received from customers. Approximately HK\$2,687,000 and HK\$7,430,000 of deferred revenue as of 1 April 2020 and 2019 had been recognised as revenue for the period/year ended 30 September 2020 and 31 March 2020, respectively.



# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 6. REVENUE AND SEGMENT INFORMATION (Continued)

### (d) Transaction price allocated to the remaining performance obligations

As at 30 September 2020 and 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts were approximately HK\$62,807,000 and HK\$85,110,000, respectively. This amount represents revenue expected to be recognised in the future from partially completed long-term service contracts. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur in the next 1 to 36 months.

#### Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered and the Group's non-current assets (excluding financial assets) are all located in Hong Kong.

#### Information about major customers

During the period, revenue from major customer who contributed over 10% of the total revenue of the Group are as follows:

	Notes	Six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Customer A	(i)	288	8,135
Customer B	(ii)	7,534	–
Customer C	(iii)	8,559	–

Notes:

- (i) Revenue from corporate finance advisory and securities and underwriting services for the six months ended 30 September 2019.  
Revenue from corporate finance advisory services for the six months ended 30 September 2020.
- (ii) Revenue from securities and underwriting services for the six months ended 30 September 2020.
- (iii) Revenue from corporate finance advisory and securities and underwriting services for the six months ended 30 September 2020.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 7. OTHER INCOME AND GAINS OR LOSSES, NET

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest income	1,786	662
Dividend income	454	803
Net change in financial assets at fair value through profit or loss	18,018	(875)
Share of results of consolidated investment fund attributable to other redeemable participating shareholders	(7,786)	–
Other income	71	51
	<b>12,543</b>	641

## 8. FINANCE COSTS

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on margin financing	117	160
Interest on lease liabilities	215	394
	<b>332</b>	554

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 9. PROFIT BEFORE INCOME TAX EXPENSES

The Group's profit before income tax expenses is arrived at after charging:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Auditor's remuneration	561	150
Depreciation		
— Property, plant and equipment	415	676
— Right-of-use assets	3,180	3,180
Listing expenses	—	8,011
Expected credit loss on accounts receivable	3,378	216
Low value assets lease expenses	47	47
Staff costs (including directors' remuneration):		
— Salaries, allowances and other benefits	23,537	21,461
— Equity settled share-based payment expenses	1,218	2,733
— Contributions to retirement benefits schemes	362	375
	<b>25,117</b>	<b>24,569</b>

## 10. INCOME TAX EXPENSES

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax — Hong Kong profits tax		
— Charge for the period	2,118	4,125
— Under-provision in respect of prior period	—	7
	<b>2,118</b>	<b>4,132</b>

The provision of Hong Kong profit tax is calculated by applying the estimated weighted average income tax rate expected for the full financial year of 16.5% (2019: 16.5%) to the six months ended 30 September 2020.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 11. DIVIDEND

During the six months ended 30 September 2020 and 2019, dividends of HK\$19,892,000 and HK\$6,000,000 were paid to the then shareholders respectively, which was in compliance with the applicable laws.

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2020 (2019: HK\$0.025 per share).

## 12. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>Earnings</b>		
Profit for the period attributable to owners of the Company	<b>12,309</b>	5,542
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>405,962,965</b>	328,425,104
Effect of dilutive potential ordinary shares in respect of the Company's share option schemes (notes (ii) & (iii))	<b>24,446,140</b>	146,997
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>430,409,105</b>	328,572,101

Notes:

- (i) Basic earnings per share is calculated by dividing profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue of the Company during the period.
- (ii) The calculation of diluted earnings per share is based on profit for the period attributable to owners of the Company and the weighted average number of ordinary shares after adjustment for the effect of the exercise of the Company's outstanding share options under Pre-IPO share option scheme, and assuming the exercise is made at no consideration at the beginning of the period.

The Company's share options outstanding as at 30 September 2020 and 2019 gave rise dilutive effect to the earnings per share because the sum of exercise price and option value of the Company's share options were lower than the average market price of the Company's shares for the six months ended 30 September 2020 and on the date of the Company's shares listing on the Stock Exchange.

- (iii) The effect of convertible bonds issued by a subsidiary, it is not considered for the calculation of diluted earnings per share as the exercise price is higher than the fair value of the stock price.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Computer and equipment HK\$'000	Office furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost:</b>					
At 1 April 2019	3,662	1,991	326	–	5,979
Additions	–	43	9	700	752
Disposals	–	(8)	–	–	(8)
At 31 March 2020 and 1 April 2020	3,662	2,026	335	700	6,723
Written off	–	(8)	–	–	(8)
At 30 September 2020 (Unaudited)	3,662	2,018	335	700	6,715
<b>Accumulated depreciation:</b>					
At 1 April 2019	2,436	1,209	176	–	3,821
Provided for the year	692	540	73	93	1,398
Disposals	–	(7)	–	–	(7)
At 31 March 2020 and 1 April 2020	3,128	1,742	249	93	5,212
Provided for the period	258	66	21	70	415
Written off	–	(6)	–	–	(6)
At 30 September 2020 (Unaudited)	3,386	1,802	270	163	5,621
<b>Net carrying amount:</b>					
At 30 September 2020 (Unaudited)	276	216	65	537	1,094
At 31 March 2020 (Audited)	534	284	86	607	1,511

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>30 September 2020 HK\$'000 (Unaudited)</b>	31 March 2020 HK\$'000 (Audited)
Unlisted equity instruments	<b>571</b>	–

As the equity instruments are not held for trading purpose, the Group has designated these investments as equity instruments at fair value through other comprehensive income.

## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss as at 30 September 2020 and 31 March 2020 represented equity securities and debt securities listed in Hong Kong, Europe and the United States. Fair value of the listed equity securities and debt securities has been determined by reference to their quoted bid prices at the reporting date at active markets and inactive markets.

## 16. ACCOUNTS RECEIVABLE

	Notes	<b>30 September 2020 HK\$'000 (Unaudited)</b>	31 March 2020 HK\$'000 (Audited)
Accounts receivable arising from			
— Securities margin financing services	(i)	<b>90,416</b>	96,689
— Securities dealing and brokerage services from the clearing house	(ii)	<b>12,970</b>	2,266
— Securities dealing and brokerage services from cash clients	(iii)	<b>69</b>	1,633
— Corporate advisory and other services	(iv)	<b>22,499</b>	32,335
		<b>125,954</b>	132,923

Notes:

- (i) Advances to margin clients in margin financing are repayable on demand and carry interest at Hong Kong Dollar Prime rate plus a spread. Credit facility limits for margin clients are determined by discounted market value of securities collateral accepted by the Group. Fair values of these securities at 30 September 2020 and 31 March 2020 were approximately HK\$402,114,000 and HK\$500,106,000, respectively. Based on agreement terms with margin clients, the Group is permitted to sell or repledge securities in securities account in the absence of default by margin clients.

No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value to users of this report in view of the business nature of securities margin financing services.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 16. ACCOUNTS RECEIVABLE (Continued)

Notes: (Continued)

(i) (Continued)

The Group evaluates the collectability of loans based on management's judgement regarding the change in credit quality, collateral value and past collection history of each margin client. At 30 September 2020 and 31 March 2020, the Group has a concentration of credit risk on accounts receivable arising from margin clients. The top five accounts receivable of the Group from margin clients constituted approximately 33.0% of total accounts receivable from margin clients at 30 September 2020 (31 March 2020: 40.6%).

The Group has no credit terms for its margin clients.

Details of margin loan granted to Mr. Mui Ho Cheung Gary ("Mr. Mui"), a director of the Company, are as below:

Name of the director	Outstanding balance at the beginning of the period/year HK\$'000	Outstanding balance at the end of the period/year HK\$'000	Maximum outstanding balance during the period/year HK\$'000	Margin finance facilities approved HK\$'000
At 30 September 2020 (Unaudited)				
Mr. Mui	1,226	1,150	1,226	3,000
At 31 March 2020 (Audited)				
Mr. Mui	–	1,226	1,996	3,000

The margin finance facilities granted to Mr. Mui were secured by securities, bearing interest at Hong Kong Dollar Prime Rate plus a spread and repayable on demand.

- (ii) The settlement terms of accounts receivable from the clearing house arising from the ordinary course of business of securities dealing and brokerage services are two days after the trade date. The balance is neither past due nor impaired.
- (iii) Accounts receivable from cash clients represented unsettled client trades on various securities exchanges transacted at the last two to three business days prior to the end of the reporting period. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value to users of this report in view of the nature of these accounts receivable.
- (iv) In respect of accounts receivable arising from corporate advisory and other services, the ageing analysis based on invoice date (net of impairment loss) is as follows:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Less than 30 days	2,331	8,680
31–90 days	4,330	4,343
91–365 days	8,985	17,024
Over 365 days	6,853	2,288
	<b>22,499</b>	<b>32,335</b>

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 16. ACCOUNTS RECEIVABLE (Continued)

Movements in the provision for impairment of accounts receivable are as follows:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Opening balance	2,476	115
Impairment loss recognised	3,378	2,361
Closing balance	5,854	2,476

## 17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Other receivables	1,924	404
Deposits paid	2,143	2,118
Prepayments	313	401
	4,380	2,923
<b>Non-current portion</b>		
Deposits paid	(2,113)	(1,231)
<b>Current portion</b>	2,267	1,692

## 18. CASH AND BANK BALANCES — HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated client accounts with a recognised institution to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash and bank balances — held on behalf of customers under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable (note 20) to respective clients as it is liable for any loss or misappropriation of clients' monies. The segregated clients account balances are restricted and governed by the Hong Kong Securities and Futures (Client Money) Rules under the Hong Kong Securities and Futures Ordinance.

## 19. CASH AND BANK BALANCES

Cash at banks earns interest at floating rates based on daily bank deposit rates.



# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 20. ACCOUNTS PAYABLE

	Notes	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Accounts payable arising from the ordinary course of business of securities dealing and brokerage services	(i)		
— Cash clients		38,449	13,748
— Margin clients		19,401	21,766
Accounts payable to brokers	(ii)	19,354	8,282
		<b>77,204</b>	43,796

Notes:

- (i) The settlement terms of accounts payable attributable to dealing in securities are two days after the trade date.

No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value to users of this report in view of the business nature of securities dealing and brokerage services.

As at 30 September 2020, included in accounts payable arising from the ordinary course of business of securities dealing and brokerage services was an amount of approximately HK\$43,290,000 (31 March 2020: HK\$22,624,000) payable to clients in respect of segregated account balances received and held for clients in the course of the conduct of regulated activities.

- (ii) As at 30 September 2020, advances from margin financing are secured by securities of the Group with amount of approximately HK\$51,790,000 (31 March 2020: HK\$23,926,000) which are now or which shall at any time hereafter be deposited with, transferred to or held by the brokers for the Group's obligations under the relevant agreements.

The Group had unutilised credit limit of approximately HK\$9,315,000 from margin financing facilities as at 30 September 2020 (31 March 2020: HK\$25,368,000).

## 21. ACCRUALS AND OTHER PAYABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Accruals	4,011	3,250
Other payables	2,313	83,380
	<b>6,324</b>	86,630

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 22. INTEREST IN CONSOLIDATED INVESTMENT AND OTHER FINANCIAL LIABILITIES

Lego Funds SPC Limited was incorporated in the Cayman Islands under the Companies Law as a segregated portfolio company with limited liability on 14 February 2019. Lego Vision Fund SP (the "Investment") is a segregated portfolio under Lego Funds SPC Limited with initially subscription date on 28 March 2019 and launched on 1 April 2019.

As at 30 September 2020, approximately 28,807 shares and 26,403 shares in Lego Vision Fund SP Class A were held by Lego Investment Holdings and other parties (represented approximately 52.2% and 47.8% of issued redeemable participating shares) at a consideration of approximately US\$3 million and US\$2.83 million, respectively.

As at 31 March 2020, approximately 28,810 shares and 24,999 shares in Lego Vision Fund SP Class A were held by Lego Investment Holdings and other parties (represented approximately 53.5% and 46.5% of issued redeemable participating shares) at a consideration of approximately US\$3 million and US\$2.27 million, respectively.

The Group invested in the Investment with primary objectives for capital appreciation, investment gains and selling in the near future for profit. The Investment is set up and managed by respective investment manager who has the power and authority to manage and make decisions for the Investment. Among the Investment held by the Group, where the Group is directly or indirectly involved as an investment manager and also as an investor, the Group regularly assesses and determines whether:

- (i) the Group is acting as an agent or a principal in the Investment;
- (ii) substantive removal rights held by other parties may remove the Group as an investment manager; and
- (iii) the Investment interests held together with its remuneration from servicing and managing the Investment create significant exposure to variability of returns from activities of the assets management products that is of such significance that indicates the Group is a principal.

In the opinion of the directors, the variable returns that the Group is exposed to with respect to the Investment are significant and the Group is primarily acting as a principal and not subject to substantive removal rights held by other parties who may remove the Group as an investment manager. Therefore, the Group did consolidate the Investment.

As at 30 September 2020, total assets and total liabilities (excluding other parties' interest as stated below) of the Investment, were approximately HK\$45,281,000 and HK\$13,691,000 (31 March 2020: HK\$28,335,000 and HK\$6,782,000), respectively.

As at 30 September 2020, other parties' interests in the Investment consist of other redeemable participating shareholders' interests in the Investment which are reflected as a liability at approximately HK\$29,292,000 because they can be put back to the Group for cash. The realisation of net assets in the Investment attributable to other parties cannot be predicted with accuracy because the realization is subject to the actions of other parties.

For the six months ended 30 September 2020, share of investment returns related to interests in consolidated investment held by other redeemable participating shareholders of approximately HK\$7,786,000 (2019: nil) was included in "other income and gains or losses, net".

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 23. SHARE CAPITAL

	Notes	Number of shares	Amount HK\$'000
<b>Authorised:</b>			
At 1 April 2019		38,000,000	380
Increase of authorised share	(i)	9,962,000,000	99,620
At 31 March 2020, 1 April 2020 and 30 September 2020		10,000,000,000	100,000
<b>Issued and fully paid:</b>			
At 1 April 2019		780	—*
Allotment of shares under reorganisation	(ii)	1,268	—*
Capitalisation issue of shares	(iii)	327,997,952	3,280
Issue of shares under share offer	(iv)	72,000,000	720
Exercise of share options	(v)	5,962,965	60
At 31 March 2020, 1 April 2020 and 30 September 2020		405,962,965	4,060

\* The balance represents an amount less than HK\$1,000.

Notes:

- (i) On 10 September 2019, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares to HK\$100,000,000 divided into 10,000,000,000 shares of par value of HK\$0.01 each by the creation of an additional of 9,962,000,000 shares.
- (ii) Under the Reorganisation, Mr. Mui transferred his entire shareholding interest in the Company to Lego Financial Group Limited ("LFGL") at a consideration of HK\$7.8, which was determined with reference to the par value of the shares. LFGL and other shareholders transferred their respective 935 shares and an aggregate of 89 shares in Lego Financial Group Investment Holdings Limited to the Company in consideration of the Company allotting and issuing 1,090 shares to LFGL and an aggregate of 178 shares to other shareholders.
- (iii) The directors were authorised to capitalise an amount of approximately HK\$3,280,000 from the share premium account of the Company by applying such sum towards the paying up in full at par a total of 327,997,952 ordinary shares for the allotment of shares to existing shareholders.
- (iv) Under a share offer took place during the year ended 31 March 2020, 72,000,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$1.68 per share for a total consideration (before share issue expenses) of HK\$120,960,000.
- (v) During the year ended 31 March 2020, the share options were exercised to subscribe for 5,962,965 ordinary shares of the Company at a cash consideration, before expenses, of approximately HK\$3,577,000, of which approximately HK\$60,000 was credited to share capital and the balance of approximately HK\$3,517,000 together with share option reserve of approximately HK\$1,622,000 were transferred to the share premium account upon the exercise of the share options.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 24. SHARE-BASED PAYMENT TRANSACTIONS

### (a) Pre-IPO Share Option Scheme

The Group operates a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") in order to motivate and retain key staff of the Group for the operation and development of the Group. Eligible participants of the Pre-IPO Share Option Scheme include the Group's directors and employees. The Pre-IPO Share Option Scheme was conditionally adopted on 6 March 2019 and, unless otherwise cancelled or amended, will remain in force until 6 March 2027, being the eighth anniversary of the date of adoption of the Pre-IPO Share Option Scheme.

On 6 March 2019, the Group conditionally granted 33,041,054 options to 44 grantees to subscribe for an aggregate of 33,041,054 shares under the Pre-IPO Share Option Scheme for a consideration of HK\$1 per grant.

An option shall vest unto a grantee and may be exercised in whole or in part by the grantee at HK\$0.6 per Share during the option period (the "Option Period"), being a period commencing from the Listing Date (i.e. 30 September 2019) and ending on 6 March 2027, being the eighth anniversary of the date of adoption of the Pre-IPO Share Option Scheme, and in accordance with the manner provided in the grant letter of the option issued by the Company to the grantee subject to any adjustments under the Pre-IPO Share Option Scheme. The options shall only be exercised in following manner:

- (a) not more than 10,200,000 Shares (representing not more than 30% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing from the Listing Date and ending on the day immediately before the first anniversary of the Listing Date (the "First Vesting Period");
- (b) not more than 10,200,000 Shares (representing not more than 30% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing on the day falling on the first anniversary of the Listing Date and ending on the day immediately before the second anniversary of the Listing Date (the "Second Vesting Period"); and
- (c) the remaining Shares comprised in the options under the Pre-IPO Share Option Scheme (being not more than 13,600,000 Shares, representing not more than 40% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) shall vest unto the grantees and become exercisable during the period commencing on the day falling on the second anniversary of the Listing Date and ending on the day immediately before the third anniversary of the Listing Date (the "Third Vesting Period"). For the avoidance of doubt, any outstanding and unexercised option(s) at the end of the First Vesting Period shall be carried over to the Second Vesting Period and shall be exercisable during the Second Vesting Period. Any outstanding and unexercised option(s) at the end of the Second Vesting Period shall be carried over to the Third Vesting Period and shall be exercisable during the Third Vesting Period and until the end of the Option Period.

The estimated fair value of the options granted on the grant date is approximately HK\$9,037,000.

During the six months ended 30 September 2020, the Group recognised total expense in relation to share options granted of approximately HK\$1,218,000 (2019: HK\$2,733,000).

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 24. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

### (a) Pre-IPO Share Option Scheme (Continued)

Movements in the number of share options are as follows:

	Outstanding at 1 April 2020	Exercised during the period	Lapsed during the period	Outstanding at 30 September 2020
<b>Directors</b>				
Mr. Mui	4,763,452	–	–	4,763,452
Mr. Liu	1,732,165	–	–	1,732,165
Mr. Ng	1,732,165	–	–	1,732,165
Ms. Ho	1,732,165	–	–	1,732,165
Mr. Tang	909,387	–	–	909,387
	<b>10,869,334</b>	–	–	<b>10,869,334</b>
<b>Employees</b>	<b>13,515,234</b>	–	<b>(1,208,187)</b>	<b>12,307,047</b>
Other participants	649,562	–	–	649,562
	<b>25,034,130</b>	–	<b>(1,208,187)</b>	<b>23,825,943</b>

	Outstanding at 1 April 2019	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2020
<b>Directors</b>				
Mr. Mui	4,763,452	–	–	4,763,452
Mr. Liu	1,732,165	–	–	1,732,165
Mr. Ng	1,732,165	–	–	1,732,165
Ms. Ho	1,732,165	–	–	1,732,165
	9,959,947	–	–	9,959,947
<b>Employees</b>	22,431,545	(5,962,965)	(2,043,959)	14,424,621
Other participants	649,562	–	–	649,562
	33,041,054	(5,962,965)	(2,043,959)	25,034,130

The weighted average closing price of the shares immediately before the dates on which the options were exercised during the year ended 31 March 2020 was approximately HK\$1.06 per share.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 24. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

### (b) Share Option Scheme

On 10 September 2019, pursuant to a written resolution passed by the shareholders of the Company, the Company has adopted a share option scheme (the "Scheme"), which is effective from the listing date (i.e. 30 September 2019).

The purpose of the Scheme is to enable to the board to grant option to eligible persons (including employees or other eligible persons) as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high caliber eligible persons and attract human resources that are valuable to the Group.

Subject to the provisions in the Scheme, the Directors may at any time and from time to time within a period of 10 years period commencing from the date of adoption of the Scheme at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at a consideration of HK\$1 per option, to grant option to any eligible persons as defined in the Scheme (the "Eligible Person(s)").

Notwithstanding anything to the contrary herein, the maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of our Company shall not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. The total number of shares in respect of which options may be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 40,000,000 shares, being 10% of the total number of shares (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised) in issue on the Listing Date (the "Scheme Limit") unless approved by the shareholders. Options lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company shall not be counted for the purpose of calculating the Scheme Limit.

The Company may seek separate approval of the shareholders in general meeting for refreshing the Scheme Limit provided that such limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of the approval of the shareholders on the refreshment of the Scheme Limit. Options previously granted under the Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company or exercised) will not be counted for the purpose of calculating the limit as refreshed.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 24. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

### **(b) Share Option Scheme** *(Continued)*

No option shall be granted to any Eligible Person if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of shares in issue from time to time (the "Participant Limit"), unless relevant exception conditions were met.

The offer of a grant of share options may be accepted by an eligible person (in whole or in part) within the date not later than 21 days inclusive of, and from, the date upon which it is made, by which the eligible person must accept the offer or be deemed to have declined it, provided that such date shall not be more than 10 years after the date of adoption of the Scheme or after the termination of the Scheme, and no such offer may be accepted by a person who ceases to be an eligible person after the offer has been made. An offer shall be deemed to have been accepted on the date when the duly signed duplicate comprising acceptance of the offer by the eligible person, together with the payment of nominal consideration of HK\$1 per option by the grantee.

The option may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by our Board to the grantee which in any event shall not be longer than 10 years commencing on the date of the offer letter and expiring on the last day of such 10-year period.

The subscription price of a share in respect of any option granted under the Scheme shall be such price as determined by the Board, and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date (the "Offer Date"), which must be a trading day, on which the directors passes a resolution approving the making of an offer of grant of an option to an Eligible Person; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a share on the Offer Date.

No option has been granted since the adoption of the Scheme.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 25. COMMITMENTS

### (a) Operating lease commitments

As lessee

As at the end of the reporting period, the Group had commitments for future minimum lease payments in respect of offices and machines under non-cancellable leases as follows:

	<b>30 September 2020 HK\$'000 (Unaudited)</b>	31 March 2020 HK\$'000 (Audited)
Within one year	<b>93</b>	93
One to two years	<b>81</b>	91
More than two years	<b>24</b>	60
	<b>198</b>	244

The Group has elected not to recognise right-of-use assets and lease liabilities for these low-value assets.

### (b) Underwriting commitments

At the end of the reporting period, the Group had underwriting commitment as follows to purchase the securities in underwriting at an agreed price between the Group and issuer of securities, regardless of whether or not the securities can be sold to investors in the futures.

	<b>30 September 2020 HK\$'000 (Unaudited)</b>	31 March 2020 HK\$'000 (Audited)
Underwriting commitment	<b>151</b>	580

In the opinion of the directors, fair values of the underwriting arrangements are insignificant to the Group.



# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 26. ACQUISITION OF SUBSIDIARIES

On 4 May 2020, the Group acquired 99.6% interest in Lohas Holdings Limited (“Lohas Holdings”). A subsidiary of Lohas Holdings is applying an insurance license and plans to launch and sell insurance products to retail and high net worth clients. The acquisition was made with an aim to diversify the Group’s operation portfolio and expand the Group’s possible revenue stream.

The fair value of net assets acquired of Lohas Holdings as at the date of acquisition were:

	4 May 2020 HK\$'000 (Unaudited)
Cash and bank balances	3,492
Other receivables and prepayments	231
Accruals and other payables	(235)
Convertible bonds	(1,165)
Non-controlling interests	(1,546)
<b>Net assets acquired</b>	<b>777</b>
Cash consideration	777
Cash consideration paid	(777)
Cash and bank balances acquired	3,492
<b>Net cash inflow arising on acquisition</b>	<b>2,715</b>

None of the financial assets have been impaired and it is expected that the full contractual amounts can be collected.

The Group has elected to measure the non-controlling interests in Lohas Holdings at proportion of the net assets of Lohas Holdings. The amount of the non-controlling interests at the acquisition date amounted to approximately HK\$1,546,000.

Since the acquisition date, Lohas Holdings has contributed zero revenue and net loss of approximately HK\$577,000 to the Group. If the acquisition had occurred on 1 April 2020, revenue and net loss would have been zero and HK\$871,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2020, nor is it intended to be a projection of future performance.

## 27. CONVERTIBLE BONDS

On 12 October 2018, Lohas Holdings issued convertible bonds at its face value at US\$250,000 to WS International Limited (a shareholder of Lohas Holdings). WS International Limited is an independent third party to the Group.

The convertible bonds are denominated in US\$, unsecured, bear no interest and will be matured on 31 December 2022. The convertible bonds shall be converted into Lohas Holdings’ share at consideration of the latest consolidated net asset value per share of Lohas Holdings upon the conversion request at any time before the maturity date. No redemption is allowed before the maturity date. All of the convertible bonds shall be automatically converted into Lohas Holdings’ shares immediately before the maturity date if such convertible bonds have not been converted.

At the date the Group acquired Lohas Holdings, there were outstanding convertible bonds with principal amount of US\$150,000. No convertible bonds was converted during the six months ended 30 September 2020. The convertible bonds are classified as derivative financial instruments and stated at fair value.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 28. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these condensed consolidated interim financial statements, the Group also had the following significant related party transactions during the period:

### (a) Compensation of key management personnel

The remuneration of key management personnel were as follows:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Directors' fees	270	–
Salaries, allowances and other benefits	5,976	4,517
Equity settled share-based payment expenses	530	835
Contributions to retirement benefits schemes	45	36
	<b>6,821</b>	<b>5,588</b>

### (b) Related party transactions

Name of related parties	Nature of transactions	Notes	Six months ended 30 September	
			2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Certain directors of subsidiaries of the Group	Brokerage and other income		46	5
Lego Finance Limited	Management fee income	(i)	–	30

Notes:

- (i) Lego Finance Limited is a wholly-owned subsidiary of LFGL.
- (ii) The above transactions with the related parties were negotiated and carried out in the ordinary course of business and at terms agreed between the Group and the related parties.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 29. FINANCIAL INSTRUMENTS

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
<b>Financial assets at amortised cost</b>		
Accounts receivable	125,954	132,923
Other receivables and deposits	4,067	2,522
Cash and bank balances — held on behalf of customers	43,290	22,624
Cash and bank balances	33,022	127,861
<b>Financial assets at fair value through profit or loss</b>		
Listed equity securities	51,952	30,015
Listed debt securities	32,456	20,706
<b>Financial assets at fair value through other comprehensive income</b>		
Equity investment	571	–
	<b>291,312</b>	336,651
<b>Financial liabilities at amortised cost</b>		
Accounts payable	77,204	43,796
Accruals and other payables	6,324	86,630
Other financial liabilities	29,292	18,716
<b>Financial liabilities at fair value through profit or loss</b>		
Convertible bonds	1,170	–
<b>Lease liabilities</b>	<b>5,570</b>	8,763
	<b>119,560</b>	157,905

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 29. FINANCIAL INSTRUMENTS *(Continued)*

### Fair value measurement

A number of assets and liabilities included in these condensed consolidated interim financial statements require measurement at, and/or disclosure of, fair value.

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

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

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

#### (a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include accounts receivable, other receivables and deposits, cash and bank balances, accounts payable, accruals and other payables and other financial liabilities.

Due to their short term nature, the carrying value of these financial assets and financial liabilities approximates to their fair value.

#### (b) Financial instruments measured at fair value

The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

#### **Information about level 2 fair value measurements**

The fair value of listed debt securities is calculated as the present value of the estimated future cash flows based on observed yield curves.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 29. FINANCIAL INSTRUMENTS (Continued)

### Fair value measurement (Continued)

#### (b) Financial instruments measured at fair value (Continued)

##### Information about level 3 fair value measurements

##### (i) Equity investment

The fair value of the unlisted equity investment in InnoBlock Technology Limited (“InnoBlock”) is determined by applying income approach, using discounted cash flow method.

A reconciliation of the opening and closing fair value balance is provided below.

	30 September 2020 HK\$'000 (Unaudited)
Opening balance	–
Purchase	540
Gain on revaluation	31
Closing balance	571

##### Significant unobservable inputs

Weighted average cost of capital	19.24%
Long term revenue growth rate	2.50%
Discount for lack of marketability	20.60%

Increased long term revenue growth rate by 5% and lower weighted average cost of capital by 5% would increase the fair value of InnoBlock by HK\$95,000. Lower long term revenue growth rate by 5% and higher weighted average cost of capital by 5% would decrease the value of InnoBlock by HK\$43,000.

##### (ii) Convertible bonds

The fair value of convertible bonds is determined by applying cost approach, using asset-based approach, based on the unaudited consolidated financial statements of Lohas Holdings. The valuation takes account of the terms and conditions of convertible bonds and the amount of outstanding convertible bonds.

A reconciliation of the opening and closing fair value balance is provided below.

	30 September 2020 HK\$'000 (Unaudited)
Opening balance	–
Acquisition of subsidiaries (note 26)	1,165
Exchange difference	5
Closing balance	1,170

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 29. FINANCIAL INSTRUMENTS (Continued)

### Fair value measurement (Continued)

#### (b) Financial instruments measured at fair value (Continued)

##### Information about level 3 fair value measurements (Continued)

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Six months ended 30 September 2020 (Unaudited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial assets at fair value through profit or loss</b>				
Listed equity securities	51,952	–	–	51,952
Listed debt securities	–	32,456	–	32,456
<b>Financial assets at fair value through other comprehensive income</b>				
Equity investment	–	–	571	571
	<b>51,952</b>	<b>32,456</b>	<b>571</b>	<b>84,979</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Convertible bonds	–	–	1,170	1,170

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2020

## 29. FINANCIAL INSTRUMENTS (Continued)

### Fair value measurement (Continued)

(b) Financial instruments measured at fair value (Continued)

#### Information about level 3 fair value measurements (Continued)

	Year ended 31 March 2020 (Audited)			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>Financial assets at fair value through profit or loss</b>				
Listed equity securities	30,015	–	–	30,015
Listed debt securities	–	20,706	–	20,706
	30,015	20,706	–	50,721

During the six months ended 30 September 2020, there was no transfer between level 1 and level 2 fair value hierarchy (2019: nil) or transfer into or out of level 3 (2019: nil).

## 30. CONTINGENT LIABILITIES

As at 30 September 2020, the Group did not have any significant contingent liabilities (31 March 2020: nil).

## 31. EVENT AFTER THE REPORTING PERIOD

The Group has paid close attention to the development of the 4th wave of COVID-19 in Hong Kong and evaluated its impact on the financial position and operating results of the Group. Pending development of COVID-19 pandemic, the Group's financial and operating performance may be affected, the extent to which cannot be estimated as at the date of this report.

Save as disclosed above, there is no significant subsequent event after the six months ended 30 September 2020.