Termbray Industries International (Holdings) Limited

Stock Code: 00093

ANNUAL REPORT 2020

CONTENTS

02	CORPORATE INFORMATION
03	CHAIRMAN'S STATEMENT
13	MANAGEMENT DISCUSSION AND ANALYSIS
13	Results
13	Profit for the period
13	Revenue
14	Segment Information
17	Return on Capital Employed
18	Liquidity and Financial Resources
18	Capital Structure
19	Order Book
19	Environmental Policies and Performance
19	Compliance with the Relevant Laws and Regulations
19	Relationship with Major Customers and Suppliers
20	Relationship with Staff and Emolument Policy
21	DIRECTORS' REPORT
38	CORPORATE GOVERNANCE REPORT
54	INDEPENDENT AUDITOR'S REPORT
	CONSOLIDATED FINANCIAL STATEMENTS
61	Consolidated Statement of Profit or Loss and Other Comprehensive Income
62	Consolidated Statement of Financial Position
64	Consolidated Statement of Changes In Equity
65	Consolidated Statement of Cash Flows
66	Notes to the Consolidated Financial Statements
151	LIST OF MAJOR PROPERTIES
152	FIVE YEAR FINANCIAL SUMMARY

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Lee Lap, Chairman
Mr. Tommy Lee, Vice Chairman & Chief Executive Officer
Mr. Wong Shiu Kee

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lo Yiu Hee
Mr. Tong Hin Wor
Mr. Ching Yu Lung

COMPANY SECRETARY

Mr. Lo Tai On

AUDIT COMMITTEE

Mr. Lo Yiu Hee
Mr. Tong Hin Wor
Mr. Ching Yu Lung

REMUNERATION COMMITTEE

Mr. Lo Yiu Hee
Mr. Lee Lap
Mr. Tong Hin Wor

NOMINATION COMMITTEE

Mr. Lee Lap
Mr. Lo Yiu Hee
Mr. Tong Hin Wor

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Flat B, 8/F, Waylee Industrial Centre
30-38 Tsuen King Circuit
Tsuen Wan, New Territories, Hong Kong
Telephone: (852) 2487 5211
Facsimile: (852) 2480 4214
E-mail: group@termbray.com.hk
Website: www.termbray.com.hk

HONG KONG REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
Telephone: (852) 2980 1768
Facsimile: (852) 2528 3158

LISTING INFORMATION

The listing code of the Company's shares on The Stock Exchange of Hong Kong Limited
00093

PRINCIPAL BANKER

The Hongkong & Shanghai Banking Corporation Limited
Hang Seng Bank Limited

LEGAL ADVISORS IN HONG KONG

Woo Kwan Lee & Lo

AUDITOR

PricewaterhouseCoopers

CHAIRMAN'S STATEMENT

LEE LAP
Chairman

RESULTS

I report to shareholders the results of Termbray Industries International (Holdings) Limited (the "Company") and its subsidiaries (together "the Group") for the nine-month period ended 31 December 2020. The Group recorded a profit for the nine-month period ended 31 December 2020 of HK$45,959,000 compared with a loss for the year ended 31 March 2020 of HK$26,983,000 recorded in last year.

DIVIDEND

No interim dividend was paid by the Company for the six months ended 30 September 2020 (2019: Nil).

The board of directors (the "Board") does not recommend the payment of a final dividend for the nine-month period ended 31 December 2020 (year ended 31/3/2020: Nil).

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company ("2020 AGM") is scheduled to be held on Friday, 11 June 2021. For determining the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Monday, 7 June 2021 to Friday, 11 June 2021 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for attendance of 2020 AGM, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 4 June 2021.

CHANGE OF FINANCIAL YEAR END DATE

The Board resolved to change the financial year end date of the Company from 31 March to 31 December with effect from 17 December 2020. Accordingly, the current financial year end date of the Company is 31 December and the current annual audited financial statements of the Company and the audited consolidated financial statements of the Group will cover a nine-month period from 1 April 2020 to 31 December 2020.

Taking into consideration that the current principal business of the Group are carried out mainly through its subsidiaries with the financial year end date on 31 December, the Board considers that the change of financial year end date of the Company from 31 March to 31 December will enable alignment of the Company's financial year end date with that of its principal subsidiaries. It will also enable streamlining of the preparation and audit of the Group's consolidated financial statements and reduction of relevant time and costs.

REVIEW OF OPERATIONS

Property development and investment

The operating environment for the Group's property development and investment business is fair during the nine-month period ended 31 December 2020.

The Group's completed properties for sale — Ever Success Plaza, comprising of over 440 residential units standing on 3 levels of commercial arcades and car parks, is located at a convenient and prime location with a river view in Zhongshan, Guangdong Province. The competition of the property market in Zhongshan is keen. There are abundant supplies of properties with modern design. The commercial arcades is still vacant. The management is endeavouring to market the properties and to improve the operation of the commercial arcades.

Due to the construction of Shenzhen-Zhongshan sea-crossing bridge connecting the cities of Shenzhen and Zhongshan, the sales of residential properties in Zhongshan market was stimulated in past years. There is not much improvement in the operating environment in 2020. The sale activities of the Group's property project in Zhongshan for the remaining residential units is not satisfactory during the nine-month period ended 31 December 2020. Facing the overheated environment of the property market in the People's Republic of China ("PRC"), the Central government has laid down a series of regulations and rules to restrict the selling price of residential properties and the qualifications of buyers to purchase residential properties. In Zhongshan, all sale and purchase agreements entered into during the current period under review have to be approved by the relevant government authorities before they can be registered in the government's property sales system. During the nine-month period ended 31 December 2020, the Group have entered into 4 sale and purchase agreements, and out of which, 3 sale transactions are approved and registered in the government's property sale system. The Group has recognized the sale of 3 residential units during the nine-month period ended 31 December 2020 (year ended 31/3/2020: 5 units). Following the increase in sales of residential units, the number of residential units which are available for earning rental income is decreased during the nine-month period ended 31 December 2020. The rental income earned by the Group from Ever Success Plaza during the nine-month period ended 31 December 2020 decreased by approximately 53% from that of last corresponding year ended 31 March 2020. As at 31 December 2020, 58 residential units remained to be sold, out of which 10 residential units were let out.

Money lending

X8 Finance Limited ("X8 Finance") has commenced the property mortgage money lending business in Hong Kong since its acquisition on August 2018. It holds a money lending license in Hong Kong. The money lending business has achieved satisfactory and health growth over the years. The Coronavirus Disease 2019 ("COVID-19") pandemic has spread across Hong Kong and Mainland China in early 2020. It has an unpredictable impact on the economy and property market of Hong Kong, and the business of X8 Finance is stable during the current period under review.

The management will cautiously carry out the money lending business in Hong Kong. At this moment, X8 Finance will only consider first mortgage loans for residential properties in Hong Kong. The management will carefully assessed the credit worthiness of the borrowers, the quality and levering of the mortgaged properties.

We are looking forward to earning stable interest income to the Group.

Acquisition of Zero Finance Group

The Board has announced on 23 September 2020 to acquire aEasy Credit Investment Limited (the "Target Company"), together with its subsidiaries, Zero Finance Hong Kong Limited ("Zero Finance") and Zero Credit Limited ("Zero Credit") (collectively the "Zero Finance Group") from Earth Axis Investment Limited (the "Vendor"), which is ultimately held as to 99.99% by Mr. Tommy Lee and 0.01% held by Mr. Lee Lap, both being the executive directors of the Company (the "Acquisition"). Termbray Wealth Investment Limited (the "Purchaser") (an indirect wholly-owned subsidiary of the Company), the Vendor and Mr. Tommy Lee entered into a sale and purchase agreement (the "Agreement"), pursuant to which, subject to the terms and conditions of the Agreement, the Purchaser agreed to purchase and the Vendor agreed to sell 100% of the issued ordinary shares of the Target Company at a consideration of HK$404,109,000 (subject to adjustment) (the "Consideration"). Out of the Consideration, HK$205,229,444 will be settled by the allotment and issue of 710,000,000 shares of HK$0.08 each in the share capital of the Company at the issue price of approximately HK$0.289 to the Vendor and the remaining balance will be settled in cash as follows:

- HK$20 million will be settled by the Purchaser in cash to the Vendor on or before 31 December 2021;
- HK$20 million will be settled by the Purchaser in cash to the Vendor on or before 31 December 2022; and
- The balance of the Consideration (subject to the post-completion adjustment) will be settled by the Purchaser in cash to the Vendor on or before 31 December 2023.

The Purchaser shall have the discretion to make early payment of the cash portion of the Consideration prior to the aforesaid payment dates, if it considers that the Group has sufficient cash available for such purpose after setting aside the cash required for the Group's working capital.

The highest applicable percentage ratio under the Rules Governing the Listing of Securities ("the Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") in respect of the Acquisition exceeds 100%. The Listing Committee of the Stock Exchange has resolved that the Acquisition is an extreme transaction and the reverse takeover rules do not apply. Further, the Vendor is a majority-controlled company of Mr. Tommy Lee and hence is a connected person of the Company. Therefore, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As such, the Acquisition is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. The Company is required to prepare a transaction circular under an enhanced disclosure comparable to prospectus standard (the "Circular") and China Tonghai Capital Limited has been appointed as the financial adviser of the Company to conduct due diligence on the Acquisition.

Since (i) Mr. Tommy Lee, an executive Director, is the indirect controlling shareholder and a director of the Vendor and (ii) Mr. Lee Lap, an executive Director, is the father of Mr. Tommy Lee, they are deemed to have material interests in the Acquisition. As such, both of them have abstained from voting on the board resolutions approving the Acquisition and the transactions contemplated thereunder.

The independent board committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the independent shareholders on the Acquisition. China Galaxy International Securities (Hong Kong) Co., Limited, the independent financial adviser, has been appointed by the Company to advise the independent board committee and the independent shareholders on the Acquisition.

The Circular was despatched to all shareholders on 25 September 2020. At the special general meeting held on 15 October 2020, a resolution was passed to approve the Acquisition. The Acquisition was completed on 30 October 2020 (the "Completion").

Upon Completion, the Target Company has become the Company's wholly-owned subsidiary. Accordingly, the financial information of Zero Finance Group since the completion date (30 October 2020) is consolidated into the accounts of the Group for the nine-month period ended 31 December 2020.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has a long history of over 20 years of engaging in property development and investment as its principal business. In August 2018, the Group acquired 100% shareholding interest in X8 Finance, which holds a Money Lender's Licence for money lending business in Hong Kong. After the acquisition, X8 Finance has commenced property mortgage money lending business in Hong Kong, which has then become a principal business of the Group. The Group has been exploring investment opportunities which will result in a steady growth in its performance in the long run.

The Target Company is incorporated in Hong Kong and is an investment holding company with no business operation other than its investment in Zero Finance.

Zero Finance, the only operating company within Zero Finance Group, is a direct wholly-owned subsidiary of the Target Company which possesses a Money Lender's Licence and is principally engaged in the money lending business of providing secured loans and unsecured loans in Hong Kong.

Zero Credit, a wholly-owned subsidiary acquired by Zero Finance in June 2018, also possesses a Money Lender's Licence but has been inactive its acquisition by Zero Finance up to the date of this report.

The Company expects that the merger of the Group's existing property mortgage loan business with the secured and unsecured loan business of Zero Finance Group will bring about synergy effect to the money lending business of the enlarged Group immediately after completion (the "Enlarged Group") as a whole after the Acquisition. The current traditional mortgage loan model of X8 Finance can be improved and optimized with inspirations from the business model and technological characteristics of "X Wallet", a mobile application developed and used by Zero Finance.

(i) In terms of business model:

   (a) The Company believes that after the Acquisition, the network of "X Wallet" and the experience in attracting customers on the online platform could provide potential mortgage loan customers to the Enlarged Group and facilitate the Enlarged Group to expand its customers base directly through the online channel, thereby reducing its reliance on customer referral by agencies and lowering the costs of its loan business.

   (b) Zero Finance has allocated a significant amount of resources to the brand building of Zero Finance, and particularly "X Wallet", since the launch of "X Wallet" in 2018. The Company is of the view that after the Acquisition, its loan business could greatly benefit from the brand names of Zero Finance and "X Wallet".

(c) Furthermore, the Company could maintain better and more efficient customer relations with its mortgage loan clients by exploring the introduction of online customer services and communication via “X Wallet” or other online platform to be set up with the use of the technologies developed for “X Wallet”.

(ii) In terms of technology:

(a) In respect of “X Wallet”, various technologies have been developed and introduced in its online loan business, including the live face detection and recognition system for identifying identity fraud, the credit scoring model, the fully-automated procedures from loan application to transmission of funds, as well as the data security measure. The Company expects that after the Acquisition, the Enlarged Group could utilize the technologies developed for “X Wallet” to streamline and modernize its mortgage loan business model and procedures, as well as to improve the risk control for such business.

(b) Those technologies could assist the Enlarged Group to screen out fraudulent cases and facilitate the Enlarged Group to design a data-based credit rating system specifically for its mortgage loan business by building up, learning and/or modifying from the model and experience in respect of the automated credit rating system developed for and deployed by “X Wallet”. In this way, the decision-making of the money lending business of the Enlarged Group will be more than driven by data and involve fewer human factors, and the risk control will be enhanced as a whole.

With the benefit of expected synergy after merging the Group’s existing property mortgage loan business with that of Zero Finance Group as described above, the Group expects that the property mortgage loan business of the Enlarged Group will further expand. Nonetheless, the Enlarged Group will at the same time adopt a prudent policy in approving mortgage loan applications in light of the recent economic downturn and possible declining trend of property prices in Hong Kong.

The Group sees a growing demand for convenient and efficient money lending services in Hong Kong, and is optimistic about the prospect of the “X Wallet” personal loan business of Zero Finance Group despite challenges due to intense competition from other market players, as “X Wallet” provides around-the-clock, full-automated and fast and convenient money lending services, which its in well with the trend of increased usage of mobile applications. After the Acquisition, the Enlarged Group will continue to develop and expand the unsecured loan business via “X Wallet” to generate revenue for the Enlarged Group.

ZERO FINANCE GROUP

BUSINESS REVIEW

Zero Finance Group has been engaging in money lending business through its principal operating subsidiary, Zero Finance, a money lender licensed in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) since the commencement of business in May 2015.

Zero Finance Group conducts their money lending business in Hong Kong through the provision of secured and unsecured loans. The secured loan business comprises personal and corporate customers (i) mainly with collaterals of appraised value of real estate assets which include mortgages of first, second and third ranking; and (ii) loans secured by pledge over shares of listed companies. For unsecured loans, Zero Finance Group provides traditional offline personal loans and mobile application "X Wallet" which processes and approve personal loans in a fully automated manner.

As at 31 December 2020, there are 108 secured loans with gross loans receivables of approximately HK$298 million and 4,055 unsecured personal loans with gross loans receivables of approximately HK$76 million.

Upon completion of acquisition of Zero Finance Group, it further enhanced the revenue of the money lending business of the Group which contributed approximately HK$13.4 million for the period from 30 October 2020 to 31 December 2020. Interest income generated from secured loans has accounted for the majority of revenue for the period. For the period from 30 October 2020 to 31 December 2020, the interest income generated from secured loans was HK$8.2 million which contributing approximately 41% of the money lending segment and approximately 33% of the Group's total revenue. For unsecured personal loans, the interest income was HK$5.2 million for the period from 30 October 2020 to 31 December 2020 which contributing approximately 26% to the money lending segment and approximately 21% of the Group's total revenue.

In assessing the expected credit losses of the loans receivables and interest receivables as at 31 December 2020, the Group has taken into account the change in overall economic environment, negative impact by the COVID-19 pandemic and factoring forward-looking scenarios on the impact of possible further downturn of the property market and the economy. As at 31 December 2020, the provision for impairment on loan receivables under the expected credit loss model for Zero Finance Group amounted to approximately HK$19 million.

OUTLOOK

China and United States ("US") are experiencing various challenges after the global economic crisis. All of the factors including debit crisis in Europe, the fluctuation in oil price and Renminbi currency, the progress of change in US interest rate, the trade conflicts between China and US, and the COVID-19 pandemic in early 2020 have an unpredictable impact on the global economy. In China, Central government has implemented various tightening monetary policies to cool down the overheated property market. We believe China will continue to play a key role in the future global economy. The Group is confident in capitalising on these opportunities and will grasp every business opportunities available to build up its own distinctive strength and to explore new businesses in China.

Property development and investment has been the principal business of the Group for all these years and the Group is looking for investment opportunities in the property markets in the PRC, especially Guangdong province. However, due to the intense competition of the property market in Guangdong province, the Group has not yet acquired any land or properties during the period under review, but the Group will still continue to explore the investment opportunities in the property markets.

With the inauguration of the new US government, the China and US relationship is at a critical moment, facing new opportunities and challenges. Hong Kong is gradually returning to a track with healthy and stable development. However, the COVID-19 pandemic in early 2020 continues to pose an unpredictable impact on the economy. Under a series of anti-epidemic measures taken by the Hong Kong government, the anti-epidemic achievements have been gradually improved, and people's living habits have been constantly changed by "work from home" and "social distancing", which have brought unique advantages to the Group's financial technology lending business. Individuals' demand for unsecured loan services supported by financial technology is growing. The management expects it will stimulate the development of the personal loan business via Zero Finance's fully automated mobile application "X Wallet".

After the COVID-19 pandemic in early 2020, economic growth was hindered and consumer lending activities was decreased. However, the International Monetary Fund expects Hong Kong's economy will return to positive growth, and the demand for loan services is expected to return to steady growth, so as to promote the sustainable development of the Group's money lending business in coming year.

In addition, Hong Kong government has implemented some new housing policies (such as the relaxation of mortgage payment requirements) to reduce the barriers to purchase of property in Hong Kong. The management expects it will further support the development of the mortgage loan business.

Due to the impact of epidemic on the operations of various industries (such as tourism, catering and entertainment), the Group have adopted prudent examination and approval strategies for loan applicants with relevant working background and kept close observation on them to mitigate credit risk. Meanwhile, we will offer a higher loan credit limit for those applicants who can fulfill our risk assessment, so as to expand the size of our loan portfolio and meet the funding needs of our customers to the greatest extent.

The recent political issues in Hong Kong and the trade conflicts between China and US will have an unpredictable impact on the economy and property market in Hong Kong. The Group will cautiously operate and develop the money lending business in Hong Kong, strengthen our risk management policies, comply with various relevant ordinances and actively take timely measures to balance our risk and return in the long run.

The COVID-19 pandemic has spread across Hong Kong and Mainland China in early 2020. Since then, the economic and financial markets have been significantly impacted. A series of precautionary and control measures have been and continued to be implemented in Hong Kong and Mainland China. The Group applies the fair value model and revaluation model to measure its investment property and leasehold land and buildings respectively. Also, the Group assesses the provision for impairment of loan and interest receivables under the expected credit loss model, which is negatively correlated with the value of collaterals provided by customers to the mortgage loans granted. Due to uncertainties of new developments regarding the COVID-19 pandemic, management expects that the fair value may be subject to fluctuation subsequent to 31 December 2020. The Group will continue to pay close attention to the development of the COVID-19 pandemic and evaluate its impact on the Group's financial position and operation results.

The Group will cautiously operate its property development and investment business and money lending business. The Group will continue to explore investment opportunities which will result in a steady growth in the Group's long term performance. On the other hand, there exists some underlying risk factors such as oil and commodity price volatility, interest rate movements, the recovery progress of the global economy after the various events and natural disasters which cannot be ignored. The Group remains cautiously optimistic about the year ahead in respect of its business and has the confidence to strengthen its competitiveness and to build value for our shareholders.

Lee Lap
Chairman
19 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the nine-month period ended 31 December 2020, the Group achieved a revenue of HK$24,963,000 and recorded a profit for the nine-month period ended 31 December 2020 of HK$45,959,000, compared with a revenue of HK$14,869,000 and loss of HK$26,983,000 for the year ended 31 March 2020 recorded in last year.

PROFIT FOR THE PERIOD

The profit for the current period under review is primarily due to the aggregate effect upon recognition of the following items:

(i) foreign exchange gain arising from the revaluation of the Renminbi currency by approximately 9% during the nine-month period ended 31 December 2020;

(ii) fair value gain of HK$3.3 million on an investment property;

(iii) professional fees and expenses incurred on acquisition of aEasy Credit Investment Limited, together with its subsidiaries ("Zero Finance Group"); and

(iv) the bargain purchase upon acquisition of Zero Finance Group.

REVENUE

Disaggregation of revenue from contracts with customers

	Nine-month period ended 31/12/2020 HK$'000	Year ended 31/3/2020 HK$'000
Sale of properties in the PRC (Note)	**2,422**	4,264
Rental income (under HKFRS 16)	**2,688**	3,776
Interest income from money lending business (under HKFRS 9)	**19,853**	6,829
	24,963	14,869

Note: Revenue from sales of properties is recognised at a point in time. All sale of properties are entered in a contract that has an original expected completion of one year or less.

SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision maker ("CODM") that are used to making strategic decisions. The CODM is identified as the Executive Directors of the Company.

During the nine-month period ended 31 December 2020, the CODM assessed the performance of the Group by reviewing the results of two reportable segments:

Property development and investment	–	Property development for sale of properties in the PRC and property investment for letting of properties in Hong Kong and the PRC.
Money lending	–	Provide mortgage and personal loan financing to customers.

The CODM reviews the performance of the Group on a regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources.

Information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

The segment results and other segment items are as follows:

	Property development and investment HK$'000	Money lending HK$'000	Total HK$'000
For the nine-month period ended 31 December 2020			
REVENUE	5,110	19,853	24,963
Segment results	18,231	10,319	28,550
Unallocated other income			280
Unallocated other gains, net			45,097
Unallocated expenses			(27,384)
Profit before income tax			46,543

	Property development and investment HK$'000	Money lending HK$'000	Total HK$'000
For the year ended 31 March 2020			
REVENUE	8,040	6,829	14,869
Segment results	(11,748)	4,661	(7,087)
Unallocated other income			620
Unallocated other losses, net			(3,227)
Unallocated expenses			(14,928)
Loss before income tax			(24,622)

For the nine-month period ended 31 December 2020 and the year ended 31 March 2020, unallocated expenses and unallocated other gains and losses represent bargain purchase from acquisition of subsidiaries, acquisition-related costs, corporate expenses and unrealised net exchange gains/(losses), respectively. Segment results represent the profit/(loss) before income tax earned by each segment without allocation of certain other income, other gains and losses and expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Geographical information

The Group's operations are located in Hong Kong and the PRC.

The Group's revenue from external customers is presented based on location where the goods are delivered and services are rendered:

	Revenue from external customers	
	Nine-month period ended 31/12/2020 HK$'000	Year ended 31/3/2020 HK$'000
Hong Kong	**21,248**	8,781
The PRC	**3,715**	6,088
	24,963	14,869

A more detailed analysis of the Group's segment information is set out in note 5 to the consolidated financial statements.

RETURN ON CAPITAL EMPLOYED

The Group's aim is to increase shareholders' value. The extent to which this goal has been achieved is assessed by computing Return on Capital Employed ("ROCE") over the year and comparing this measure from one year to the next, as it is a measure of how well the money invested in the business is providing a return to investors.

ROCE measures the operating result as a percentage of the average total capital employed (invested) in the business over the year. The Group uses "Earnings before interest, tax, depreciation and amortization" as a measure of operating result for this purpose. The Group considers its "capital" to comprise equity plus non-current debt financing. Figures from the consolidated financial statements of the Group are used to calculate the ROCE.

	Nine-month period ended 31/12/2020 HK$'000	Year ended 31/3/2020 HK$'000
Operating result for calculation of ROCE		
Profit/(loss) before taxation	**46,543**	(24,622)
Add: interest expense, depreciation and amortization charges	**6,878**	6,395
acquisition-related costs*	**16,734**	–
Less: bargain purchase from acquisition of subsidiaries*	**(41,300)**	–
	28,855	(18,227)
Capital employed		
Equities	**1,160,421**	908,360
Add: non-current debt financing	**166,183**	–
	1,326,604	908,360
Average capital employed		
(Opening capital employed + closing capital employed)/ 2	**1,117,482**	926,135
Consolidated ROCE%	**2.58%**	-1.97%

* Non-recurring items

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, the Group remains cash-sufficient and no material capital expenditure commitments other than the purchase consideration payable under the Acquisition. The operations are financed by capital and reserves.

Bank balances and cash amounted to approximately HK$256 million and accounted for approximately 61% of total current assets.

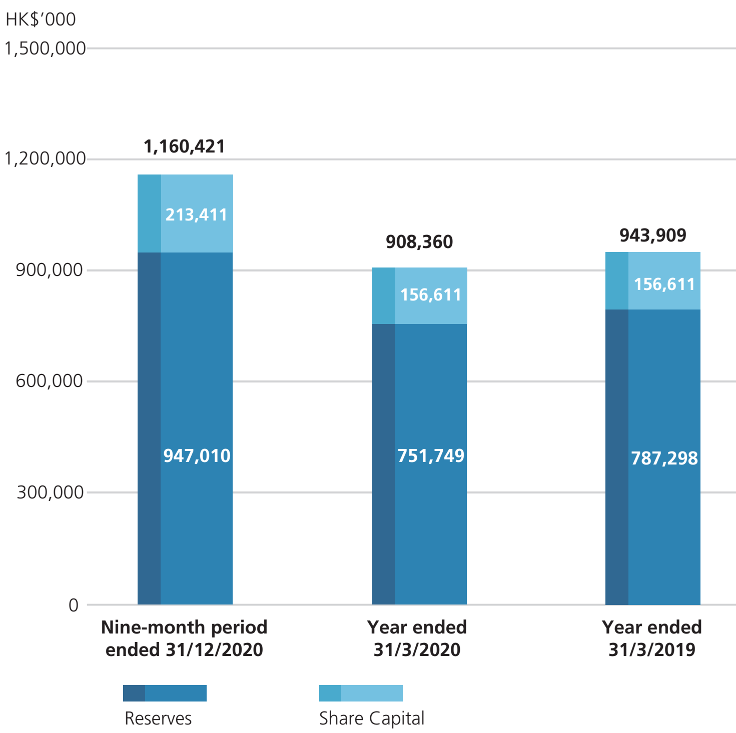
The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities (including current and non-current liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the consolidated statement of financial position.

The Group was in a net cash position as at 31 December 2020 and 31 March 2020.

The Group mainly operates in the PRC and Hong Kong, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi. No financial instrument is arranged for hedging purposes in respect of interest rate and currency.

CAPITAL STRUCTURE

As at 31 December 2020, the Group's operations were financed by capital and reserves.



ORDER BOOK

Due to its business nature, the Group has no order book at 31 December 2020. The Group has no new product and services to be introduced to the market, except for the money lending business carried out by Zero Finance Group upon completion of its acquisition in October 2020.

ENVIRONMENTAL POLICIES AND PERFORMANCE

With regard to the environmental policies, the Group aims to minimize the Group's environmental impact. The Group have adopted various environmental protection measures for energy efficiency, carbon reduction and to improve efficiency of water usage. These measures are regularly reviewed and results are closely monitored.

A report containing the prescribed information of environmental, social and governance matters will be published within 3 months after the publication of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the nine-month period ended 31 December 2020, as far as the Directors are aware, there was no material non-compliance with applicable laws and regulations by the Group that has a significant impact on the Group's business and operations.

RELATIONSHIP WITH MAJOR CUSTOMERS AND SUPPLIERS

The Group understand the importance of maintaining good relationship with its customers and suppliers to met its immediate and long term goals.

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for approximately 5.6% and 20.1% respectively of the Group's revenue for the nine-month period ended 31 December 2020. The five largest suppliers of the Group accounted for less than 30% of the Group's total purchases for the nine-month period ended 31 December 2020.

During the nine-month period ended 31 December 2020, the Group has not made any purchases other than incurring rental outgoings and overhead expenses.

Save as the connected transaction disclosed in pages 31 to 34 of this report, none of the Company's directors, their associates or any shareholders of the Company (who to the best of knowledge of the Company's directors owned more than 5% of the Company's issued shares) had a beneficial interest in any of the Group's five largest customers and the five largest suppliers.

The Group have good relationship with its customers and suppliers. During the nine-month period ended 31 December 2020, there was no significant dispute between the Group and its suppliers and/or customers, except for the recovery actions against customers in their ordinary course of money lending business.

RELATIONSHIP WITH STAFF AND EMOLUMENT POLICY

One of most important resource of the Group is employees. It is the Group's policy to comply with all applicable laws and regulations, including those concerning employment, compensation, minimum wages, occupational safety and privacy. The Group strictly prohibit discrimination or harassment against any employee because of the individual's race, religion, gender, age, or any status protected by law. The Group also value good conduct of employees and has set out clear guidelines to prevent bribery and to regulate the acceptance of benefits by the employees.

As at 31 December 2020, the Group employed 60 staff at market remunerations with staff benefits such as insurance, provident fund scheme and discretionary bonus.

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the directors are reviewed by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his associates, and executive is involved in dealing his own remuneration.

DIRECTORS' REPORT

The Board of the Company present their annual report together with the audited consolidated financial statements of the Group for the nine-month period ended 31 December 2020.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding.

The principal activities of the Company's subsidiaries during the nine-month period ended 31 December 2020 were property development and investment and money lending business in Hong Kong.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Chairman's Statement on pages 3 to 12 and the Management Discussion and Analysis set out on pages 13 to 20 of this annual report. This discussion forms part of this Directors' Report.

Besides, details of financial risk management objectives and policies of the Group are set out in note 3 to the consolidated financial statements on pages 87 to 102. There may be other risks and uncertainties in addition to those mentioned above which are not known to the Group or which may not be material now but could turn out to be material in future.

RESULTS

The results of the Group for the nine-month period ended 31 December 2020 and the state of affairs of the Group as at that date are set out in the consolidated financial statements on pages 61 to 150.

DIVIDEND

No interim dividend was paid by the Company for the six months ended 30 September 2020 (2019: Nil).

The Board does not recommend the payment of a final dividend for the nine-month period ended 31 December 2020 (year ended 31/3/2020: Nil).

CLOSURE OF REGISTER OF MEMBERS

The 2020 AGM is scheduled to be held on Friday, 11 June 2021. For determining the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Monday, 7 June 2021 to Friday, 11 June 2021 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for attendance of 2020 AGM, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 4 June 2021.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 27 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Details of the movements in the property, plant and equipment and investment property of the Group during the nine-month period ended 31 December 2020 are set out in note 14 and note 15 to the consolidated financial statements respectively.

MAJOR PROPERTIES

Particulars of the Group's major completed properties for sale are set out on page 151.

RESERVES

Details of movements in the reserves of the Group during the nine-month period ended 31 December 2020 are set out in the consolidated statement of changes in equity on page 64.

DONATIONS

During the nine-month period ended 31 December 2020, the Group had not made any charitable and other donations (year ended 31/3/2020: Nil).

FIVE YEAR FINANCIAL SUMMARY

A five year financial summary of the Group is set out on pages 152 to 154.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2020 were as follows:

	HK$'000
Contributed surplus	191,810
Retained earnings	156,330
	348,140

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(i) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issue share capital and share premium account.

DIRECTORS

The directors of the Company during the nine-month period ended 31 December 2020 and up to the date of this report were:

Executive Directors

Mr. Lee Lap
Mr. Tommy Lee
Mr. Wong Shiu Kee

Independent Non-Executive Directors

Mr. Lo Yiu Hee
Mr. Tong Hin Wor
Mr. Ching Yu Lung

Mr. Wong Shiu Kee and Mr. Tong Hin Wor, being the directors longest in office since their last re-election, shall retire by rotation in accordance with the Company's Bye-law 99(A). All retiring directors, being eligible, offer themselves for re-election at the forthcoming annual general meeting. Mr. Lee Lap, as the chairman of the Board, shall be subject to and offer himself for re-election at the forthcoming annual general meeting.

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the Company pursuant to paragraph 3.13 of the Listing Rules and considers that each of the independent non-executive directors is independent to the Company.

DIRECTORS' SERVICE CONTRACTS

Mr. Lee Lap has a service contract with the Company for service as executive director which is terminable by either party giving to the other party not less than six months' prior notice in writing.

Mr. Tommy Lee and Mr. Wong Shiu Kee have respectively a service contract with the Company for service as executive director which is terminable by either party giving to the other party not less than three months' prior notice in writing.

Mr. Lo Yiu Hee, Mr. Tong Hin Wor and Mr. Ching Yu Lung, the independent non-executive directors have respectively entered into an appointment letter with the Company for service as an independent non-executive director for a term of 2 years from 1 January 2021 to 31 December 2022, which appointment shall terminate on the earlier of (i) 31 December, 2022; or (ii) the date on which the director concerned ceases to be an independent non-executive director pursuant to the Bye-laws or any other applicable laws.

Other than the aforesaid, none of the directors had any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mr. Lee Lap, aged 78, is the Chairman of the Company and he is also a member of the remuneration committee and the Chairman of the nomination committee of the Board of the Company. He is the founder of the Group and has been actively involved in the printed circuit board and electronics industry in Hong Kong since 1968. Mr. Lee is responsible for overall policy and decision making and business development of the Group. Mr. Lee is an honorary citizen of Zhongshan, Shenzhen and Guangzhou in PRC.

Mr. Tommy Lee, aged 44, is the Vice Chairman and Chief Executive Officer of the Company since 2008 and 2010 respectively. He is the son of Mr. Lee Lap. He studied Economics in the Seneca College in Canada. Mr. Lee had been the Vice President of a private company which is principally engaged in the manufacture and sale of printed circuit board and he was responsible for the overall management and strategic planning of the private company. He is a non-executive director of Petro-king Oilfield Services Limited, which is listed on the Stock Exchange and a director of Guangdong Ellington Electronics Technology Company Limited, which is listed on the Shanghai Stock Exchange.

Mr. Wong Shiu Kee, aged 57, is the Finance Director of the Company. He first joined the Company in 1991 and rejoined the Company in 2000. With over 20 years of experience in financial management, he is a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, and is also a qualified Chartered Secretary designated as ACG and ACS. He is a director of Guangdong Ellington Electronics Technology Company Limited, which is listed on the Shanghai Stock Exchange.

Independent Non-executive Directors

Mr. Lo Yiu Hee, aged 63, was appointed as independent non-executive director in 2004 and is the Chairman of the audit committee and the remuneration committee and a member of the nomination committee of the Board of the Company. He holds bachelor and master degrees in business administration from the Chinese University of Hong Kong. Mr. Lo is a fellow member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Lo has over 20 years of experience in finance and accounting in various listed companies. He was the Vice President of CPA Australia, Hong Kong China Division for 2000/01 and 2003/04, and councilor from 1997 to 2006 and a member of the Disciplinary Panel of CPA Australia from 2009 to 2014. He is presently the chief financial officer of an apparel manufacturing company.

Mr. Tong Hin Wor, aged 76, was appointed as independent non-executive director in 2008 and is a member of the audit committee, the remuneration committee and the nomination committee of the Board of the Company. He holds a diploma in management studies from Hong Kong Polytechnic University. Mr. Tong has over 30 years of working experience in financial management. Mr. Tong was the financial controller of Termbray Electronics Company Limited in 1991. He was the financial controller of Karrie Industrial Company Limited, a company principally engaged in electronics and sheet metal manufacturing in 1993, the Group controller of Elec & Eltek (International) Limited in 1995 and the Group vice president of Elec & Eltek Corporate Services Limited from 1995 to 2004. Mr. Tong is an independent non-executive director of Petro-king Oilfield Services Limited which is listed on the Stock Exchange.

Mr. Ching Yu Lung, aged 51, was appointed as independent non-executive director in November 2016 and is a member of the audit committee of the Board of the Company. He has more than 28 years of experience in auditing, corporate finance and accounting. Mr. Ching is currently the chief financial officer of a listed company on the Stock Exchange. He obtained a bachelor's degree in business administration from the Chinese University of Hong Kong and executive master degree in business administration from Tsinghua University in 1992 and 2006, respectively. Mr. Ching is a fellow member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants and a member of the American Institute of Certified Public Accountants. Mr. Ching is an independent non-executive director of Hopson Development Holdings Limited, Ngai Hing Hong Company Limited, Shenzhen Investment Holdings Bay Area Development Company Limited and AMVIG Holdings Limited which are listed on the Stock Exchange.

SENIOR MANAGEMENT

Mr. Chau Hau Shing, aged 44, is the executive director and president of Zero Finance. Mr. Chau has worked in the money lending industry for more than 20 years since he started in 1996 and has gained extensive experience in the industry. He worked in well-known enterprises of the industry based in Hong Kong and Mainland China, such as PrimeCredit Limited and United Asia Finance Limited, and he had led the overall construction and strategic planning of the money lending business system of the employed enterprises for many times, and he has profound market insight and research in fields like risk management, finance and credit. He has been employed by an entity controlled by Mr. Tommy Lee since April 2014 and act in the capacity of the president of Zero Finance.

EMOLUMENTS OF DIRECTORS AND SENIOR EMPLOYEES

Details of the emoluments of directors and senior employees are set out in note 37 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The interests of the Company's directors, chief executives and their associates in the shares, underlying shares and debentures of the Company and its associated corporations as at 31 December 2020 as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or otherwise notified pursuant to Divisions 7 to 9 of Part XV of the SFO, were as follows:

(A) Long Positions in Shares of the Company

	Number of Shares					
Name of director	Personal interest	Family interest	Corporate interest	Other interest	Total	Percentage of total issued shares
Mr. Lee Lap	–	–	–	1,252,752,780 (note 1)	1,252,752,780	46.96%
Mr. Tommy Lee	–	–	710,000,000 (note 2)	1,252,752,780 (note 1)	1,962,752,780	73.58%

Note:

1. The 1,252,752,780 shares included under the other interest of Mr. Lee Lap and Mr. Tommy Lee are held by Lee & Leung (B.V.I.) Limited. Lee & Leung (B.V.I.) Limited is wholly-owned by Lee & Leung Family Investment Limited, which is wholly owned by HSBC International Trustee Limited as trustee for Lee & Leung Family Trust. Mr. Lee Lap is the settlor of the Lee & Leung Family Trust. The discretionary beneficiaries of the Lee & Leung Family Trust are the spouse and certain children of Mr. Lee Lap (including Mr. Tommy Lee) and the offspring of such children.

2. The 710,000,000 new shares were issued to Earth Axis Investment Limited which is indirectly controlled by Mr. Tommy Lee as partial settlement of the consideration of the Acquisition upon completion of the sale and purchase agreement dated 23 September 2020.

(B) Long Positions in Shares of Other Associated Corporations

		Number of non-voting deferred shares held (Note)			% of total issued non-voting
Name of director	Name of subsidiary	Personal Interest	Spouse interest	Total	deferred shares
Mr. Lee Lap	Applied Industrial Company Limited	1,000	1,500	2,500	100%
	Lee Plastics Manufacturing Company Limited	250,000	250,000	500,000	100%
	Magnetic Electronics Limited	5,000	–	5,000	100%
	Termbray Electronics Company Limited	7,000	3,000	10,000	100%

Note: All the above non-voting deferred shares are held by the director or his spouse personally as beneficial owner.

Saved as disclosed above, as at 31 December 2020, none of the directors or chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO.

Other than the Acquisition, at no time during the nine-month period ended 31 December 2020, the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the nine-month period ended 31 December 2020, the Group had entered into transactions with Panda Investment Company Limited ("Panda Investment"), which are described in note 35 to the consolidated financial statements. Mr. Lee Lap has beneficial interests in Panda Investment.

During the nine-month period ended 31 December 2020, the Group's property has been leased to Mr. Lee Wing Keung, the son of Mr. Lee Lap, details of which are disclosed in the section headed "Connected Transactions".

During the nine-month period ended 31 December 2020, the Group has entered into a sale & purchase agreement with Mr. Tommy Lee for the acquisition of aEasy Credit Investment Limited, details of which are disclosed in the section headed "Connected Transactions".

Save as aforementioned, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiaries was a party of subsisted at the end of the nine-month period ended 31 December 2020 or any time during the nine-month period ended 31 December 2020.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Pursuant to paragraph 8.10 of the Listing Rules, the Company discloses that Mr. Lee Lap is interested in companies engaged in property development and investment in Mainland China and Hong Kong and Mr. Tommy Lee is interested in companies engaged in money lending business in Hong Kong ("Competing Business").

The money lending business in Hong Kong of Mr. Tommy Lee was acquired by the Group during the current period under review as disclosed in the section headed "Connected Transactions".

The Board of the Company has continuously monitored to identify conflict of interest (if any) due to the interests of Mr. Lee Lap and Mr. Tommy Lee respectively. If conflict of interest arises, Mr. Lee Lap or Mr. Tommy Lee (as the case may be) will abstain from participating in making any decision. The Company is therefore capable of carrying on its business independently of, and at arm's length from the Competing Businesses.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the nine-month period ended 31 December 2020.

SUBSTANTIAL SHAREHOLDERS

The persons (other than the directors as disclosed in the "Directors' interest in Shares and Options") interested in 5% or more of the issued share capital of the Company as at 31 December 2020 as recorded in the register kept by the Company pursuant to Section 336 of the SFO were as follows:

Ordinary Share of the Company

Name of shareholders	Capacity	Number of issued ordinary shares of HK$0.08 each held	Percentage of the issued share capital of the Company
Lee & Leung (B.V.I.) Limited (note 1)	Beneficial owner	1,252,752,780	46.96%
Lee & Leung Family Investment Limited (note 1)	Held by controlled corporation	1,252,752,780	46.96%
HSBC International Trustee Limited (note 1)	Held by controlled corporation as trustee for Lee & Leung Family Trust	1,252,752,780	46.96%
Cosmo Telecommunication Inc. (note 2)	Beneficial owner	151,202,960	5.67%
Ms. Jing Xiao Ju	Held by controlled corporation	151,202,960	5.67%
East Glory Trading Limited (note 3)	Beneficial owner	103,397,540	3.88%
Master Winner Limited (note 3)	Held by controlled corporation	103,397,540	3.88%
Mr. Yuan Qinghua	Held by controlled corporation	103,397,540	3.88%
Earth Axis Investment Limited (note 4)	Beneficial owner	710,000,000	26.62%
aEasy Finance Holdings Limited (note 4)	Held by controlled corporation	710,000,000	26.62%

Notes:

(1) The 1,252,752,780 shares are held by Lee & Leung (B.V.I.) Limited. Lee & Leung (B.V.I.) Limited is wholly owned by Lee & Leung Family Investment Limited, which is wholly owned by HSBC International Trustee Limited as trustee for Lee & Leung Family Trust. Mr. Lee Lap is the settlor of Lee & Leung Family Trust. The discretionary beneficiaries of Lee & Leung Family Trust are the spouse and certain children of Mr. Lee Lap (including Mr. Tommy Lee) and the offspring of such children.

(2) Cosmo Telecommunication Inc. is a wholly owned by Ms. Jing Xiao Ju.

(3) East Glory Trading Limited is wholly owned by Master Winner Limited, which in turn is wholly owned by Mr. Yuan Qinghua.

(4) The 710,000,000 new shares were issued to Earth Axis Investment Limited as partial settlement of the consideration of the Acquisition upon completion of the sale and purchase agreement dated 23 September 2020. Earth Axis Investment Limited is wholly owned by aEasy Finance Holdings Limited which is indirectly controlled by Mr. Tommy Lee.

Saved as disclosed above, the Company has not been notified of any other interests or short positions in the shares or the underlying shares of the Company representing 5% or more of the issued share capital of the Company as at 31 December 2020.

CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, the Company discloses the following continuing connected transactions and connected transactions entered into during the nine-month period ended 31 December 2020:

Tenancy Agreements

On 20 February 2017, Termbray (Fujian) Land Development Company Limited ("Termbray Fujian"), a wholly owned subsidiary of the Company, as lessor and Mr. Lee Wing Keung as lessee entered a lease agreement, pursuant to which the lessee will lease a residential property in the Hong Kong Island with a gross floor area of approximately 334 square metres from the lessor for a term of three years from 16 March 2017 to 15 March 2020 at a monthly rent of HK$163,000 (exclusive of rates, management fees and utility charges) ("Old Tenancy Agreement"). The monthly rent is based on a valuation report as at 31 January 2017 issued by Vigers Appraisal & Consulting Limited.

On 4 March 2020, Termbray Fujian as lessor and Mr. Lee Wing Keung as a lessee renewed the Old Tenancy Agreement for a term of three years from 16 March 2020 to 15 March 2023 at a monthly rent of HK$155,000 (exclusively of rates, management fees and utility charges) ("2020 Tenancy Agreement"). The monthly rent is based on a valuation report as at 31 January 2020 issued by Vigers Appraisal & Consulting Limited.

The rental income earned by the Group during the nine-month period ended 31 December 2020 from the 2020 Tenancy Agreement is HK$1,395,000 (from the Old Tenancy Agreement and 2020 Tenancy Agreement: year ended 31/3/2020: HK$1,952,000). Mr. Lee Wing Keung is the son of Mr. Lee Lap (an executive Director and the Chairman of the Company) and is also the brother of Mr. Tommy Lee (an executive Director and the Vice Chairman and Chief Executive Officer of the Company) and, as such, is an associate of Mr. Lee Lap and Mr. Tommy Lee respectively and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the above lease agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The independent non-executive directors of the Company have reviewed the above transaction under the 2020 Tenancy Agreement and opined that the connected transactions have been entered into:

(i) in the ordinary and usual course of business of the Company,

(ii) on normal commercial terms, and

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Review of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Pursuant to the Rule 14A.56 of the Listing Rules, the auditor has issued a letter to the Board of the Company that nothing has come to their attention that causes them to believe that the continuing connected transactions disclosed by the Group:

(a) has not been approved by the Board;

(b) has not, in all material respects, in accordance with the pricing policies of the Company;

(c) has not entered into, in all material respects, in accordance with the relevant agreement governing such transaction; and

(d) has exceeded the cap. (Note)

Note: Due to this change of financial year end date of the Company, the annual cap is calculated on a pro-rata basis for a nine-month period for the current financial period ended 31 December 2020.

Acquisition of Zero Finance Group

The Board announced on 23 September 2020 to acquire aEasy Credit Investment Limited as the Target Company, together with its subsidiaries, Zero Finance and Zero Credit (collectively the "Zero Finance Group") from Earth Axis Investment Limited as the Vendor, which is ultimately held as to 99.99% by Mr. Tommy Lee and 0.01% held by Mr. Lee Lap, both being the executive directors of the Company. Termbray Wealth Investment Limited as the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor and Mr. Tommy Lee entered into a sale and purchase agreement, pursuant to which, subject to the terms and conditions of the Agreement, the Purchaser agreed to purchase and the Vendor agreed to sell 100% of the issued ordinary shares of the Target Company at a consideration of HK$404,109,000 (subject to adjustment). Out of the Consideration, HK$205,229,444 will be settled by the allotment and issue of 710,000,000 shares of HK$0.08 each in the share capital of the Company at the issue price of approximately HK$0.289 to the Vendor and the remaining balance will be settled in cash as follows:

- HK$20 million will be settled by the Purchaser in cash to the Vendor on or before 31 December 2021;
- HK$20 million will be settled by the Purchaser in cash to the Vendor on or before 31 December 2022; and
- The balance of the Consideration (subject to the post-completion adjustment) will be settled by the Purchaser in cash to the Vendor on or before 31 December 2023.

The Purchaser shall have the discretion to make early payment of the cash portion of the Consideration prior to the aforesaid payment dates, if it considers that the Group has sufficient cash available for such purpose after setting aside the cash required for the Group's working capital.

The highest applicable percentage ratio under the Listing Rules on the Stock Exchange in respect of the Acquisition exceeds 100%. The Listing Committee of the Stock Exchange has resolved that the Acquisition is an extreme transaction and the reverse takeover rules do not apply. Further, the Vendor is a majority-controlled company of Mr. Tommy Lee and hence is a connected person of the Company. Therefore, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As such, the Acquisition is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. The Company is required to prepare a transaction circular under an enhanced disclosure comparable to prospectus standard (the "Circular") and China Tonghai Capital Limited has been appointed as the financial adviser of the Company to conduct due diligence on the Acquisition.

Since (i) Mr. Tommy Lee, an executive Director, is the indirect controlling shareholder and a director of the Vendor and (ii) Mr. Lee Lap, an executive Director, is the father of Mr. Tommy Lee, they are deemed to have material interests in the Acquisition. As such, both of them have abstained from voting on the board resolutions approving the Acquisition and the transactions contemplated thereunder.

The independent board committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the independent shareholders on the Acquisition. China Galaxy International Securities (Hong Kong) Co., Limited, the independent financial adviser, has been appointed by the Company to advise the independent board committee and the independent shareholders on the Acquisition.

The Circular was despatched to all shareholders on 25 September 2020. At the special general meeting held on 15 October 2020, a resolution was passed to approve the Acquisition. The Acquisition was completed on 30 October 2020 (the "Completion").

Upon Completion, the Target Company has become the Company's wholly-owned subsidiary. Accordingly, the financial information of Zero Finance Group since the completion date (30 October 2020) is consolidated into the accounts of the Group for the nine-month period ended 31 December 2020.

PROVIDENT FUND SCHEMES

The Group has mandatory provident fund schemes ("MPF Schemes") managed by a banking group and an insurance group respectively. All staff employed in Hong Kong joined the MPF Schemes. The MPF Schemes are defined contribution scheme and the assets of which are held separately from those of the Group in independently administered funds. Both of the employer and the employee are required to make mandatory contributions to the MPF Schemes calculated at 5% of the employee's monthly relevant income, subject to the rules and regulations of the Mandatory Provident Fund Schemes Ordinance. As at 31 December 2020, the Group had no forfeited contributions (year ended 31/3/2020: Nil) available to offset future employers' contributions to the MPF Schemes.

The employees of the Company's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiary is required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefit scheme is to make the specified contributions.

The contribution made by the Group charged to the income statement in respect of the nine-month period ended 31 December 2020 are as follows:

	Nine-month period ended 31/12/2020 HK$'000	Year ended 31/3/2020 HK$'000
Gross employer's contributions	**197**	268
Less: Forfeited contributions	**–**	–
Net contributions	**197**	268

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its directors, as of the date of this report, there is sufficient public float of the shares of the Company with not less than 25% of the total issued shares of the Company as required under the Listing Rules.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine-month period ended 31 December 2020.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no statutory restrictions against such rights under the laws in Bermuda.

PERMITTED INDEMNITY

The Company's Bye-laws provided that the directors for the time being of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own willful neglect or default, fraud or dishonesty respectively.

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of the Company.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the nine-month period ended 31 December 2020.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the nine-month period ended 31 December 2020 was the Company, its parent company, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITOR

The financial statements for the year ended 31 March 2019 were audited by Messrs. Deloitte Touche Tohmatsu. The financial statements for the year ended 31 March 2020 and the nine-month period ended 31 December 2020 were audited by PricewaterhouseCoopers.

A resolution to re-appoint PricewaterhouseCoopers as auditors of the Company will be proposed at the forthcoming annual general meeting.

By order of the Board
Termbray Industries International (Holdings) Limited

Lee Lap
Chairman
19 March 2021

CORPORATE GOVERNANCE REPORT

The Company are committed to maintaining a high standard of corporate governance and firmly believe that to maintain a good, solid and sensible framework of corporate governance will ensure the Company to run its business in the best interests of its shareholders as a whole.

The Company adopted all the code provisions in the Corporate Governance Code ("the CG Code") contained in Appendix 14 of the Listing Rules as its own code on corporate governance practices.

The Company has complied with the CG Code during the nine-month period ended 31 December 2020 save as disclosed below.

Pursuant to code provision A.4.2. of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company is subject to a private act called "The Termbray Industries International (Holdings) Limited Act 1991". Section 4(g) of the said Act provides that: "Notwithstanding anything contained in the Companies Act or rule of law to the contrary, the directors of the Company shall not be required to be elected at each annual general meeting, but shall (save for any chairman or managing director) be subject to retirement by rotation in such manner and at such frequency as the Bye-laws may provide." Accordingly, the chairman and managing director of the Company may not be made subject to retirement by rotation. The Company has amended its Bye-laws to provide that every director of the Company, other than directors holding the office of chairman or managing director shall be subject to retirement by rotation at least once every 3 years, while directors holding the office of chairman or managing director shall be subject to re-election once every 3 years.

BOARD OF DIRECTORS

The Board is charged with leading the Group in a responsible and effective manner. Each director has to carry out his/her duties in utmost good faith above and beyond any prevailing applicable laws and regulations and act in the best interests of the shareholders. The duties of the Board include establishing the strategic direction of the Group, setting objectives and monitoring the performance of the Group.

The Board has established schedule of matters specifically reserved to the Board for its decision and those reserved for the management. The Board reviews this schedule on a periodic basis to ensure that it remains appropriate to the needs of the Company.

The Board of the Company consists of 3 executive directors and 3 independent non-executive directors. The brief biographical details of the existing directors are described on pages 25 and 26 of the annual report. Saved as disclosed therein, there are no other business, financial, family and other relevant interests among directors.

The Chairman and the chief executive officer have different roles. The Chairman is responsible for the operation of the Board and the chief executive officer is responsible for managing the operations of the Group. Their functions have been clearly divided to ensure a balanced distribution of power and authority not concentrating on a single individual.

The independent non-executive directors, all of whom are independent of the management of the Company, are highly experienced professionals coming from a diversified industrial background. They ensure that the Board maintains high standards of financial and other mandatory reporting as well as providing adequate check and balance to safeguard the interest of shareholders and the Company as a whole.

Mr. Lo Yiu Hee, Mr. Tong Hin Wor and Mr. Ching Yu Lung, the independent non-executive directors, have respectively entered into an appointment letter with the Company for service as an independent non-executive director for a term of 2 years from 1 January 2021 to 31 December 2022, which appointment shall terminate on the earlier of (i) 31 December 2022; or (ii) the date on which the director concerned ceases to be an independent non-executive director pursuant to the bye-law of the Company or any other applicable laws.

The Board has set up an independent professional consulting procedures and upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses. The full Board meets regularly to review the financial and operating performance of the Group. Additional board meetings were held when necessary. Due notice and board papers were given to all directors prior to the meeting in accordance with the Listing Rules and the CG Code.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties, including the following matters attending by the Board during the nine-month period ended 31 December 2020:

– to develop and review the Company's policies and practices on corporate governance;

– to review and monitor the training and continuous professional development of directors and senior management;

– to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

– to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

– to review the Company's compliance with the corporate governance code and disclosure in the Corporate Governance Report.

DIRECTORS' TRAINING

Directors of the Company are continually updated with legal and regulatory developments and the business environment to facilitate discharge of their responsibilities. All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as whole and each director to discharge their duties.

Continuing education and information are provided to the directors regularly to help ensuring that the directors are appraised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its business.

Based on the training records provided to the Company by the directors, the directors have participated in the following training during the nine-month period ended 31 December 2020:

Name of directors	Reading regulatory updates/attending in house briefing	Attending expert briefing/seminars/ conference relevant to the business/ directors' duties
Mr. Lee Lap (Chairman)	✓	
Mr. Tommy Lee (Vice Chairman & Chief Executive Officer)	✓	
Mr. Wong Shiu Kee	✓	✓
Mr. Lo Yiu Hee	✓	✓
Mr. Tong Hin Wor	✓	
Mr. Ching Yu Lung	✓	✓

There were 3 board meetings held in the nine-month period ended 31 December 2020. The attendance record of each director is shown below. All business transacted at the above meetings are well-documented and maintained in accordance with applicable laws and regulations.

Name of directors	No. of board meeting attended	Attendance rate
Mr. Lee Lap (Chairman)	3/3	100%
Mr. Tommy Lee (Vice Chairman & Chief Executive Officer)	3/3	100%
Mr. Wong Shiu Kee	3/3	100%
Mr. Lo Yiu Hee	3/3	100%
Mr. Tong Hin Wor	3/3	100%
Mr. Ching Yu Lung	3/3	100%

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"), as the code of conduct regarding directors' securities transactions.

The Company have made specific enquiry of all directors that they have complied with the Model Code throughout the nine-month period ended 31 December 2020.

In addition, the Board also established written guidelines on no less exacting terms than the Model Code for senior management of the Company in respect of their dealings in the securities of the Company.

BOARD COMMITTEES

To strengthen the functions of the Board and to enhance its expertise, there are three Board committees namely, the audit committee, remuneration committee and nomination committee formed under the Board, with each performing different functions.

AUDIT COMMITTEE

The audit committee, which is chaired by Mr. Lo Yiu Hee, has been established with defined terms of reference in alignment with the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the CG Code of the Listing Rules. Other members are Mr. Tong Hin Wor and Mr. Ching Yu Lung.

The audit committee meets no less than twice a year with the senior management and the external auditors to review the accounting principles and practices adopted by the Group and other financial reporting matters, assures the completeness, accuracy and fairness of the financial statements of the Group, discuss the effectiveness of the systems of internal control throughout the Group and most importantly, reviews all significant business affairs managed by the executive directors in particular on connected transactions. The audit committee also provides advice and recommendations to the Board and oversees all matters relating to the external auditors, and it plays an important role in monitoring and safeguarding the independence of external auditors.

The audit Committee met 2 times during the nine-month period ended 31 December 2020. Set out below is the summary of work done during the period under review:

– to review the financial statements of the Group for the year ended 31 March 2020 and for the six months ended 30 September 2020.

– to discuss on the effectiveness of the internal control system;

– to review the internal audit report prepared by outsourced professional firm;

– to review the auditors' statutory audit plan and the letters of representation; and

– to consider and approve the 2020 audit fees.

The attendance record of each member is shown below. All business transacted at the above meetings are well-documented and maintained in accordance with applicable laws and regulations.

Name of audit committee members	No. of meeting attended	Attendance rate
Mr. Lo Yiu Hee (Chairman)	2/2	100%
Mr. Tong Hin Wor	2/2	100%
Mr. Ching Yu Lung	2/2	100%

REMUNERATION COMMITTEE

The remuneration committee, chaired by Mr. Lo Yiu Hee, has been established with defined terms of reference. Other members are Mr. Lee Lap and Mr. Tong Hin Wor.

The Company aims to design remuneration policies that attract and retain executives needed to run the Group successfully and to motivate executives to pursue appropriate growth strategies whilst taking into account performance of the individual. The remuneration should reflect performance, complexity and responsibility of the individual; and the remuneration package will be structured to include salary and bonus to provide incentives to directors and senior management to improve their individual performances.

The role and function of the remuneration committee include formulation of the remuneration policy, review and recommending to the Board the annual remuneration policy, and determination of the remuneration of the executive directors.

Set out below is the summary of work done of the remuneration committee during the period under review:

– to review the remuneration policy for the nine-month period ended 31 December 2020; and

– to review the remuneration of the executive directors and senior management and review the directors' fee of the independent non-executive directors.

The remuneration committee met once during the nine-month period ended 31 December 2020 with the presence of all members of the remuneration committee. The attendance record of each member is shown below:

Name of remuneration committee members	**No. of meeting attended**	**Attendance rate**
Mr. Lo Yiu Hee (Chairman)	1/1	100%
Mr. Lee Lap	1/1	100%
Mr. Tong Hin Wor	1/1	100%

The remuneration of the senior management by band for the nine-month period ended 31 December 2020 is set out below:

Remuneration band (HK$)	**Number of person**
Nil to 1,000,000	1

Particulars regarding director's remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 9 and note 37 to the consolidated financial statements.

NOMINATION COMMITTEE

The nomination committee, chaired by Mr. Lee Lap, has been established with defined terms of reference. Other members are Mr. Lo Yiu Hee and Mr. Tong Hin Wor.

The nomination committee is responsible for:

– review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

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

– assess the independence of independent non-executive directors;

– make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the chief executive; and

– consider other topics as defined by the Board.

The nomination committee met once during the nine-month period ended 31 December 2020 with the presence of all members of the nomination committee to review the structure, size and composition of the Board, to access the independence of independent non-executive directors and to make recommendations on re-election of retiring directors. The attendance record of each member is shown below:

Name of nomination committee members	No. of meeting attended	Attendance rate
Mr. Lee Lap (Chairman)	1/1	100%
Mr. Lo Yiu Hee	1/1	100%
Mr. Tong Hin Wor	1/1	100%

The Board has also adopted a nomination policy (the"Nomination Policy") which sets out the selection criteria and procedure of appointing and re-appointing a Director. The selection criteria used in assessing the suitability of a candidate include, inter alia, such candidate's academic background and professional qualifications, relevant experience in the industry character and integrity etc.

Pursuant to the Nomination Policy, the nomination committee reviews the structure, size and composition of the Board periodically and makes recommendation on any proposed changes to the Board to complement the Company's corporate strategy. When it is necessary to fill a casual vacancy or appoint an additional director, the nomination committee identifies or selects candidates as recommended to the committee pursuant to the criteria set out in the Nomination Policy. Based upon the recommendation of the nomination committee, the Board deliberates and decides on the appointment. In addition, every director shall be subject to retirement by rotation or re-election at least once every three years and shall be eligible for re-election at each annual general meeting. The nomination committee shall review the overall contribution and service to the Company, expertise and professional qualifications of the retiring directors, who offered himself/ herself for re-election at the annual general meeting, to determine whether such director continues to meet the criteria as set out in the Nomination Policy.

BOARD DIVERSITY POLICY

The company has formulated and adopted a board diversity policy in June 2013 setting out the approach on diversity of the board.

The Board recognizes the importance of having a diverse board in enhancing the Board effectiveness and corporate governance. A diverse Board will include and make good use of difference in the skills, industry knowledge and experience, education, background and other qualities of directors of the Company and does not discriminate on the ground of race, age, gender or religious belief. These differences will be taken into account in determining the optimum composition of the Board and when possible should be balanced appropriately.

The nomination committee of the Company has responsibility for identifying and nominating for approval by the Board, candidates for appointment to the Board. It takes responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required on the Board and assessing the extent to which the required skills are represented on the Board and overseeing the Board succession. Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

At present, the nomination committee has not set any measureable objectives to implement the Board diversity policy. However, it will consider and review from time to time the Board diversity policy and setting of any measureable objects, if appropriate.

DIVIDEND POLICY

The Board has adopted a dividend policy (the “Dividend Policy”) which does not have any pre-determined dividend payout ratio. In considering dividend payment, the Board will take into account factors such as depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the directors of the Company may consider relevant from time to time. The Board will review the Dividend Policy from time to time and the Dividend Policy does not constitute any commitment or obligation of the Company to declare dividends.

AUDITOR'S REMUNERATION

The remuneration in respect of services provided by PricewaterhouseCoopers for the Group for the nine-month period ended 31 December 2020 are analysed as follows:

	Nine-month period ended 31 December 2020 HK$	Year ended 31 March 2020 HK$
Audit service	**5,026,000**	1,000,000
Non audit service	**780,000**	313,375
	5,806,000	1,313,375

Note: The auditors' remuneration for the nine-month period ended 31 December 2020 includes audit service fee of HK$2,956,000 and non-audit service fee of HK$565,000 in relation to the acquisition of the Zero Finance Group. The remaining remuneration for non audit services mainly includes fee regarding the review of the interim financial report of the Group for the six months ended 30 September 2020 amounted to HK$215,000 (six months ended 30 September 2019: reviewed by Deloitte Touche Tohmatsu, HK$313,375).

DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The directors acknowledge that it is their responsibility in preparing the financial statements. The statement of the auditor about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 54 to 60.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company places great importance on internal control and risk management. The Board has overall responsibility for the system of internal controls and for reviewing its effectiveness.

During the nine-month period ended 31 December 2020, the Group has complied with code provision C.2 of the CG Code of the Listing Rules by establishing appropriate and effective risk management and internal control systems. The Board is responsible for the design, implementation and monitoring of such systems, and oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below.

Risk management policy

A sound framework of risk oversight, risk management and internal control is fundamental to the Group's commitment to good corporate governance. The Group adopts a risk management policy which manages the risk associated with its business and operations.

The management of risk within the Group is recognised as a critical part of its business operations. It underpins reliable financial reporting, compliance with relevant legal and regulatory obligations, efficient and effective business operations.

To manage the risk exposures faced by the Group, the Board recognises the need to identify areas of significant business risk and to develop and implement strategies to investigate these risks as a basis of implementing a formal system of risk management and internal control and compliance.

Risk identification sets out to identify the Company's exposure to uncertainties. Risk types will be categorised as strategic risks, operational risks, reporting risks and compliance risks.

The Group will undertake a formal risk assessment review and to routinely monitor and reassess material risk exposures within the Group.

Internal control system

The Company has in place an internal system which enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the system are shown as follow:

- *Control Environment:* A set of standards and procedures that provide the basis for carrying out internal control across the Group.

- *Risk assessment:* A process for identifying and analyzing risks to achieve the Group's objectives and for determining how risks should be managed.

- *Control Activities:* Action established by policies and procedures to help ensure that risk mitigation is carried out by management.

- *Information and Communication:* Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.

- *Monitoring:* Ongoing evaluations to ensure each components of internal control is functioning.

Internal audit function

The Group has engaged an external professional firm to perform internal audit ("IA") function, which is consisted of professional staffs with relevant expertise (such as Certified Public Accountant). The IA is independent of the Group's daily operation and carries out assessment of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

Based on the analysis of the identified key risks over financial reporting, compliance and operation aspects of the Group, the IA has designed a 3 year IA plan. The IA plan has been approved by the Board. According to the established IA plan, reviews of the risk management and internal control systems are conducted annually and the results are reported to the Board after approval by the audit committee.

Based on the internal control reviews conducted in 2020, no significant control deficiency was identified.

During the nine-month period ended 31 December 2020, the Board had also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programme and budget. Based on the results of the review, the Group will continue to take steps to further enhance the effectiveness of the internal control system.

COMPANY SECRETARY

The Company has engaged and appointed Mr. Lo Tai On, a representative from an external secretarial services provider, as the company secretary of the Company. The primary contact person with the company secretary of the Company is Mr. Wong Shiu Kee, an executive director of the Company. Mr. Lo has confirmed that he has taken no less than 15 hours of relevant training.

CONSTITUTION DOCUMENTS

During the nine-month period ended 31 December 2020, there is no change in the Company's constitutional documents.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

Shareholders are provided with detailed information about the Company set out in the interim/annual report and/or the circular so that they can exercise their rights in an informed manner.

The Company uses a range of communication tools, such as the annual general meeting, the annual report, interim report, various notices, announcements and circulars, to ensure the shareholders are kept well informed of key business imperatives. Procedures for conducting a poll are explained by the Chairman of the meeting at the general meetings of the Company.

General meetings of the Company provide a direct forum of communication between shareholders and the Board. Shareholders are welcome to put forward enquiries to the Board or the management thereat and the Chairman of the Board, or in his absence, an executive director of the Company, as well as chairman of the nomination committee, remuneration committee and audit committee, or in their absence, other members of the respective committees, and where applicable, the independent board committee, will be commonly be present and available to answer questions and shareholders may also contact the company secretary to direct their written enquiries.

During the nine-month period ended 31 December 2020, an annual general meeting was held on 11 September 2020 and a special general meeting was held on 15 October 2020.

At the annual general meeting, separate resolution was proposed in respect of each separate issue itemized on the agenda, including re-election of retiring directors and the special general meeting to approve the Acquisition. The Chairman of the Board and members of all committees answered questions from shareholders.

The Chairman of the meeting explained detail procedures for conducting a poll. All the resolutions proposed at the meetings were passed separately by way of poll. The results of the poll were published on the websites of the Stock Exchange and the Company.

The attendance record of each director at the general meetings are shown below:–

Name of directors	General meeting attended	Attendance rate
Mr. Lee Lap (Chairman)	1/2	50%
Mr. Tommy Lee (Vice Chairman & Chief Executive Officer)	2/2	100%
Mr. Wong Shiu Kee	2/2	100%
Mr. Lo Yiu Hee	2/2	100%
Mr. Tong Hin Wor	1/2	50%
Mr. Ching Yu Lung	2/2	100%

The forthcoming 2020 annual general meeting of the Company will be held on Friday, 11 June 2021. A notice convening the 2020 annual general meeting will be published on the website of the Stock Exchange and the Company and will be dispatched together with the 2020 annual report to the shareholders of the Company.

The Company is committed to enhancing communications and relationships with its investors. Designated management maintains an open dialogue with the press and analysts to keep them abreast of the Company's developments.

The Company also maintain a website at www.termbray.com.hk, where updates on the Company's business developments and operations, financial information and news can always be found.

Shareholders and investors may at any time send their enquiries and concerns to the Board in writing as follows:

Address: Flat B, 8/F, Waylee Industrial Centre, 30-38 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong

Fax: (852) 2480 4214

Email: group@termbray.com.hk

SHAREHOLDERS' RIGHTS

Shareholders are entitled to requisition a special general meeting and put forward proposals at general meeting. The procedures are as follows:–

(a) Procedures for requisitioning a special general meeting

Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company may, by written requisition to the board or the Company Secretary signed and deposited in accordance with the Bye-laws of the Company, Bermuda Companies Act 1981, require the directors to call a special general meeting for the transaction of business specified in the requisition.

(b) Procedures for putting forward proposals to general meeting

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company or not less than 100 shareholders may, at their expense, provide a written request to the attention of the Company Secretary signed and deposited in accordance with the Bermuda Companies Act 1981.

The procedures for the shareholders to propose a person for election of a director at an annual general meeting is available for viewing at the Company's website at www.termbray.com.hk.

The above procedures are subject to the Bye-laws of the Company and applicable legislation and regulation from time to time.

Besides, the updated memorandum of association and Bye-laws of the Company has been posted on the website of the Company at www.termbray.com.hk and the designed website of the Stock Exchange at www.hkexnews.hk.

CONCLUSION

The Company strongly believes that the quality and standard of corporate governance reflects the quality of the management and the operations of the Group's business. Good corporate governance can safeguard the proper use of funds and effective allocation of resources and to protect shareholders' interests. The management wholeheartedly advocates of the good practice in corporate governance and will try our best to maintain, strengthen and improve the standard and quality of the Group's corporate governance.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of Termbray Industries International (Holdings) Limited (the "Company") and its subsidiaries (the "Group") set out on pages 61 to 150, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of profit or loss and other comprehensive income for the period from 1 April 2020 to 31 December 2020;
- the consolidated statement of changes in equity for the period from 1 April 2020 to 31 December 2020;
- the consolidated statement of cash flows for the period from 1 April 2020 to 31 December 2020; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the period from 1 April 2020 to 31 December 2020 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of loan and interest receivables
- Valuation of leasehold land and buildings and investment property

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of loan and interest receivables *Refer to Note 3.1(b) (credit risk), Note 4 (critical accounting estimates and judgements), Note 8 (provision for impairment of loan and interest receivables), Note 18 (loan receivables) and Note 19 (interest receivables) to the consolidated financial statements.* As at 31 December 2020, the Group has gross loan and interest receivables amounted to HK$464,886,000 and HK$2,934,000, respectively. For the period ended and as at 31 December 2020, the provision for impairment on loan receivables under the expected credit loss ("ECL") model amounted to HK$19,129,000. Management assessed the provision for impairment on loan and interest receivables based on the estimation of ECL under a "three-stage" model. In measuring the loss allowance of loan and interest receivables, management applied judgement in selecting the valuation methodology and approach, including the staging determination for receivables with similar risk characteristics, and making the assumptions about the probability of default, loss given default and exposure at default with reference to the historical delinquency ratio of loans portfolio, collateral values and forward-looking information on macroeconomic factors.	We challenged and assessed management's assessment of provision for impairment of loan and interest receivables by performing the following procedures: • understood, evaluated and validated the key controls over the impairment assessment of loan and interest receivables, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors associated; • assessed the valuation methodology and approach adopted by management in the ECL assessment; • evaluated the appropriateness of the staging determination and key assumptions about the probability of default, loss given default and exposure at default in assessing the ECL, such as grouping of receivables with similar credit risk characteristics, delinquency ratio and collateral values used for the respective receivable groupings, and forward-looking information on macroeconomic factors based on the historical data as well as independent market economic data;

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of loan and interest receivables (Continued) We focused on this area because the carrying value of loan and interest receivables is significant to the consolidated financial statements and management's impairment assessment of loan and interest receivables requires the use of significant judgement and estimates.	• involved our internal valuation specialists in our discussion with management to understand and assess the appropriateness of the methodology used and the assumptions and estimates applied; • tested, on a sample basis, the existence and accuracy of the aging of the loan and interest receivables as at the reporting date by tracing to loan agreements; and • checked calculation of management's computation of loss allowance. Based on the procedures performed, we found management's judgements and estimates applied in the impairment assessment of loan and interest receivables were supported by the available evidence.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of leasehold land and buildings and investment property *Refer to Note 4 (critical accounting estimates and judgements), Note 14 (property, plant and equipment) and Note 15 (investment property) to the consolidated financial statements.* The Group's leasehold land and buildings and investment property amounted to HK$397,500,000 and HK$183,300,000, respectively, as at 31 December 2020. For the period ended 31 December 2020, a fair value gain on investment property of HK$3,300,000 was credited to the consolidated statement of profit or loss, and an increase in the carrying amounts arising on the revaluation of land and buildings of HK$9,968,000 was recognised in the other comprehensive income. Management engaged an independent valuer to determine the valuation of the Group's leasehold land and buildings and investment property. There were significant judgments and estimates involved whereby the valuations have been arrived at using the direct comparison method, including unit sale prices, taking into account adjustments for differences in transaction time, location, frontage and size between the comparables and the property. The significant judgments and estimates involved in the property valuations warrant specific audit focus and attention.	Our procedures performed in relation to the valuation of leasehold land and buildings and investment property included: • understood management's controls and processes over the valuation, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors associated; • assessed the competence, capability and objectivity of the valuer engaged by management for the valuation; • obtained an understanding of the valuation processes and significant assumptions to assess if these approaches are consistent with the requirements of HKFRSs and industry norms; • assessed the methodologies and data inputs used by the valuer, and the appropriateness of the key assumptions, based on our knowledge of the property industry, research of unit sale prices, taking into account adjustments for differences in transaction time, location, frontage and size between the comparables and the property; and • involved our internal valuation specialists in our discussions with management and the external valuer to understand and assess the appropriateness of the methodology used and the assumptions and estimates applied. Based on the procedures performed, we found the methodologies adopted and the key assumptions used were supported by the available evidence.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Cheung Kin Bong.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine-month period ended 31 December 2020

	Note	**Nine-month period ended 31 December 2020 HK$'000**	Year ended 31 March 2020 HK$'000
Revenue			
– Sales of properties	*6*	**2,422**	4,264
– Rental income	*6*	**2,688**	3,776
– Interest income from money lending	*6*	**19,853**	6,829
		24,963	14,869
Cost of sales	*7*	**(2,843)**	(3,206)
Gross profit		**22,120**	11,663
Other income	*6*	**1,691**	1,615
Other gains/(losses), net	*6*	**18,873**	(20,167)
Administrative expenses	*7*	**(18,958)**	(17,617)
Finance costs	*10*	**(1,382)**	(34)
Provision for impairment of loan and interest receivables	*8*	**(367)**	(82)
Bargain purchase from acquisition of subsidiaries	*34(b)*	**41,300**	–
Acquisition-related costs	*34(c)*	**(16,734)**	–
Profit/(loss) before income tax		**46,543**	(24,622)
Income tax expense	*12*	**(584)**	(2,361)
Profit/(loss) for the period/year		**45,959**	(26,983)
Other comprehensive income/(loss):			
Item that may not be reclassified to profit or loss			
Gain/(loss) on revaluation of leasehold land and buildings	*14*	**9,968**	(11,164)
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(2,262)**	2,598
Other comprehensive income/(loss) for the period/year, net of tax		**7,706**	(8,566)
Total comprehensive income/(loss) for the period/year		**53,665**	(35,549)
		HK cents	HK cents
Earnings/(loss) per share attributable to owners of the Company:			
Basic	*13*	**2.17**	(1.38)
Diluted	*13*	**2.17**	(1.38)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	**As at 31 December 2020 HK$'000**	As at 31 March 2020 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**399,241**	392,820
Investment property	*15*	**183,300**	180,000
Intangible assets	*16*	**14,208**	–
Deferred income tax assets	*26*	**1,446**	2,716
Loan receivables	*18*	**348,836**	91,957
Pledged bank deposit	*24*	**2,000**	2,000
		949,031	669,493
Current assets			
Completed properties for sale	*17*	**59,333**	55,100
Loan receivables	*18*	**96,921**	18,809
Interest receivables	*19*	**2,934**	313
Deposits, prepayments and other receivables	*22*	**4,089**	1,978
Financial assets at fair value through profit or loss	*23*	**147**	167
Cash and cash equivalents	*25*	**256,474**	187,827
		419,898	264,194
TOTAL ASSETS		**1,368,929**	933,687
EQUITY AND LIABILITIES			
Equity			
Share capital	*27*	**213,411**	156,611
Reserves	*28*	**947,010**	751,749
Total equity		**1,160,421**	908,360

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Note	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	26	238	238
Lease liabilities	20	148	203
Other payables and accruals	29	166,183	–
		166,569	441
Current liabilities			
Other payables and accruals	29	18,235	3,163
Contract liabilities	29	284	798
Amount due to a related company	30	2,851	2,494
Lease liabilities	20	700	475
Income tax payable		19,869	17,956
		41,939	24,886
Total liabilities		208,508	25,327
TOTAL EQUITY AND LIABILITIES		1,368,929	933,687

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 61 to 150 were approved by the Board of Directors on 19 March 2021 and were signed on its behalf.

Lee Lap
Director

Tommy Lee
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 31 December 2020

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Property revaluation reserve HK$'000	(Accumulated losses)/ retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance as at 1 April 2019	156,611	404,370	12,280	380,783	(10,135)	943,909	417	944,326
Loss for the year	–	–	–	–	(26,983)	(26,983)	(417)	(27,400)
Exchange differences arising on translation of foreign operations	–	–	2,598	–	–	2,598	–	2,598
Loss on revaluation of leasehold land and buildings (Note 14)	–	–	–	(11,164)	–	(11,164)	–	(11,164)
Total comprehensive (loss)/income for the year	–	–	2,598	(11,164)	(26,983)	(35,549)	(417)	(35,966)
Balance as at 31 March 2020	156,611	404,370	14,878	369,619	(37,118)	908,360	–	908,360
Profit for the period	–	–	–	–	45,959	45,959	–	45,959
Exchange differences arising on translation of foreign operations	–	–	(2,262)	–	–	(2,262)	–	(2,262)
Gain on revaluation of leasehold land and buildings (Note 14)	–	–	–	9,968	–	9,968	–	9,968
Total comprehensive income/(loss) for the period	–	–	(2,262)	9,968	45,959	53,665	–	53,665
Transaction with owners								
Issue of ordinary shares as consideration for a business combination, net of transaction costs (Note 34(a))	56,800	141,596	–	–	–	198,396	–	198,396
Balance as at 31 December 2020	213,411	545,966	12,616	379,587	8,841	1,160,421	–	1,160,421

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 31 December 2020

	Note	**Nine-month period ended 31 December 2020 HK$'000**	Year ended 31 March 2020 HK$'000
Cash flows from operating activities			
Cash generated from/(used in) operations	*31*	**16,230**	(66,496)
Income tax paid		**(811)**	(2,032)
Interest paid on lease liabilities		**(13)**	(34)
Net cash generated from/(used in) operating activities		**15,406**	(68,562)
Cash flows from investing activities			
Interest received		**1,250**	1,116
Proceeds from disposal of a financial asset at fair value through profit or loss		**6**	–
Purchase of property, plant and equipment		**(6)**	–
Net cash acquired from acquisition of subsidiaries	*34(b)*	**43,091**	–
Net cash generated from investing activities		**44,341**	1,116
Cash flows from financing activities			
Principal elements of lease payments		**(370)**	(458)
Share issue transaction costs	*34(a)*	**(404)**	–
Net cash used in financing activities		**(774)**	(458)
Net increase/(decrease) in cash and cash equivalents		**58,973**	(67,904)
Cash and cash equivalents at beginning of period/year		**187,827**	262,015
Effect of exchange rate changes on cash and cash equivalents		**9,674**	(6,284)
Cash and cash equivalents at end of period/year	*25*	**256,474**	187,827

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Termbray Industries International (Holdings) Limited (the "Company") is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, Church Street, Hamilton HM11, Bermuda. The Company has its listing on the Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (together, the "Group") are principally engaged in property investment and development and money lending business of providing loans in Hong Kong.

The parent of the Company is Lee & Leung (B.V.I.) Limited which is incorporated in the British Virgin Islands and the directors of the Company consider that its ultimate parent to be Lee & Leung Family Investment Limited, a company incorporated in the British Virgin Islands which is held by HSBC International Trustee Limited for the Lee & Leung Family Trust, the settlor of which is Mr. Lee Lap.

These consolidated financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Termbray Industries International (Holdings) Limited and its subsidiaries.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance Cap.622. They have been prepared under the historical cost convention, except for leasehold land and buildings, investment property and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Pursuant to a board resolution passed on 17 December 2020, the Company changed its financial year end date from 31 March to 31 December. As a result of the change, the current period consolidated financial statements were made up of a nine-month period from 1 April 2020 to 31 December 2020. Therefore, the comparative amounts for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes, which covered the year from 1 April 2019 to 31 March 2020, are not directly comparable.

2.1.1 Changes in accounting policy and disclosures

(a) Relevant amendments to existing standards and conceptual framework effective for the financial period beginning on 1 April 2020:

Amendments to HKFRS 3 (Revised)	Definition of a business
Amendments to HKAS 1 (Revised) and HKAS 8	Definition of material
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest rate benchmark reform

The adoption of these amended standards and conceptual framework did not result in any substantial change to the Group's accounting policies. The amended standards and conceptual framework listed above had no material impact on the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) The following new standards and amendments to existing standards have been issued, but are not effective for the financial year beginning on 1 April 2020 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	Covid-19-related rent concessions	1 June 2020
Amendments to HKAS 16	Property, plant and equipment – proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual improvements	Annual improvements to HKFRSs 2018 – 2020	1 January 2022
Amendments to HKAS 1	Presentation of financial statements, classification of liabilities as current or non-current	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has not applied any new standards and amendments to existing standards that is not yet effective for the current accounting period. These new standards and amendments to existing standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiary

2.2.1 Consolidation

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

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.2 Separate financial statements

Investment in a subsidiary is accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiary are accounted for by the Company on the basis of dividend received and receivable.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combination (Continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.4 Segment reporting

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated at foreign currencies at year-end exchange rates are generally recognised in the consolidated statement of profit or loss.

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

(c) Group companies

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

(c) Group companies (Continued)

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that include a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interest and are not recognised in profit or loss. For all other partial disposals (that is, reduction in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment

Leasehold land and buildings are recognised at fair value based on periodic valuations by an external independent valuer, less subsequent depreciation for buildings. A revaluation surplus is credited to property revaluation reserve in shareholders' equity. Leasehold land and leased office premise are considered as types of right-of-use assets.

All other property, plant and equipment stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Leasehold land	Over the term of the lease
Buildings	40 years or over the remaining lease term of the land on which the building is situated, if shorter
Furniture, fixtures, equipment and leasehold improvements	2 – 10 years
Motor vehicles	5 – 7 years
Leased office premise	Over the term of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amounts and are recognised within 'other gains/(losses), net' in the consolidated statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investment property

Investment property, principally residential property, is held for long-term rental yields and is not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are recognised within 'other gains/(losses), net' in the consolidated statement of profit or loss.

2.8 Intangible assets

The brand name and mobile application acquired in a business combination were recognised at fair value at the acquisition date. They have a finite useful life and were subsequently carried at cost less accumulated amortisation and impairment losses. Costs associated with maintaining the mobile application are recognised as an expense as incurred.

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Brand name	10 years
Mobile application	1 year

2.9 Completed properties held for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost comprises the cost of land, development expenditure, other attributable costs and borrowing costs capitalized in accordance with the Group's accounting policies. Net realisable value is determined by reference to estimated selling price less selling expenses.

2.10 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and

- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in comprehensive income or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in comprehensive income.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in revenue or other income using the effective interest rate method. Any gain or loss arising on derecognition and impairment losses are presented as separate line item in the consolidated statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to comprehensive income and recognised in other gain/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gain/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in comprehensive income and presented net within other gain/(losses) in the period in which it arises.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 3.1(b) provides more detail of how the expected credit loss allowance is measured.

Loan receivables and interest receivables of the Group are classified as debt investments carried at amortised cost and are subject to the ECL model. While deposits and other receivables, pledged bank deposit and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

2.12 Offsetting financial instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Loan and interest receivables

Loan and interest receivables are property mortgage loans and personal loans granted to customers in the ordinary course of business. If collection of loan and interest receivables are expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Loan and interest receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The gross carrying amount is written off (either partially or in full) to the extent that there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written-off are credited against "provision for impairment of loan and interest receivables" in profit or loss.

2.14 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

2.15 Pledged bank deposit

Pledged bank deposit represents the amount of cash pledged as collateral to banks.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Other payables and accruals

Other payables and accruals are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Current and deferred income tax

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

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

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

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

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Current and deferred income tax (Continued)

(c) Offsetting

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current income tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.19 Employee benefits

(a) Employee leave entitlements

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Pension obligations

The Group has a defined contribution plan. Payments to defined contribution retirement benefit plans, including the Mandatory Provident Fund Scheme and state-managed retirement pension schemes, are recognised as an expense when employees have rendered service entitling them to the contributions. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and other revenue reducing factors after eliminating sales within the Group.

(a) Sales of properties

Revenue from sales of properties is recognised at a point in time when the completed property is delivered and transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

The Group receives a fixed percentage of the contract value as deposits from customers or receipts in advance from customers when they sign the sale and purchase agreement. Deposits and instalments received on properties sold prior to the date of revenue recognition are recorded as contract liabilities under current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition (Continued)

(b) Rental income

Rental is recognised in the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

(c) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.22 Leases

Leases are recognised as a right-of-use asset (included in property, plant and equipment which are presented in the consolidated statement of financial position) and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases (Continued)

If a readily observable amortising loan rate is available to the Group (through recent financing or market data) which has a similar payment profile to the lease, then the Group use that rate as a starting point to determine the incremental borrowing rate.

Variable lease payments based on an index or rate are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Government grants

Grants from the government (including subsidies) are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.24 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the period/year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account, the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety types of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in the People's Republic of China (the "PRC") and Hong Kong, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions or recognised financial assets and liabilities are denominated in a currency that is not the entity's functional currency.

As at 31 December 2020, if HK$ had strengthened/weakened by 5% against RMB with all other variables held constant, the profit for the period would have been approximately HK$5,321,000 lower/higher (year ended 31 March 2020: loss for the year would have been approximately HK$5,324,000 higher/lower), respectively, mainly as a result of foreign exchange gains/losses on translation of HK$ denominated payables in entities whose functional currency is RMB.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from its loan receivables (Note 18) and interest receivables (Note 19). Loan receivables and interest receivables are issued at fixed rates which expose the Group to fair value interest rate risk.

The Group has no significant assets and liabilities which were interest-bearing at floating rates. The cash flow interest rate risk arising from assets and liabilities at floating rates is considered to be insignificant.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. For the receivables arising from sales of properties and property leasing, the Group managed the credit risk by fully receiving cash. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group's main income generating activities also include lending to customers. Therefore, credit risk is a principal risk.

The Group's credit risk arises from deposits and other receivables, cash and cash equivalents, pledged bank deposit, loan receivables and interest receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets which are stated as follows:

	As at 31 December 2020			As at 31 March 2020
	Gross carrying amount HK$'000	**Loss allowance HK$'000**	**Net carrying amount HK$'000**	Carrying amount HK$'000
Loan receivables	**464,886**	**(19,129)**	**445,757**	110,766
Interest receivables	**2,934**	**–**	**2,934**	313
Deposits and other receivables	**1,863**	**–**	**1,863**	1,777
Pledged bank deposit	**2,000**	**–**	**2,000**	2,000
Cash and cash equivalents	**256,474**	**–**	**256,474**	187,827
	728,157	**(19,129)**	**709,028**	302,683

As at 31 December 2020 and 31 March 2020, all of the Group's pledged bank deposit and cash and cash equivalents are deposited in major financial institutions located in Mainland China and Hong Kong, which the Group's management believes are of high credit quality.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Credit risk management

The Group manages and analyses the credit risk for each of their new and existing money-lending customers before standard payment terms and conditions are offered. In particular, the Group manages its credit risk by:

- Ensuring that the Group has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's stated policies and procedures, HKFRSs and relevant supervisory guidance.

- Creating credit policies to protect the Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.

- Limiting concentrations of exposure by type of asset, counterparties, credit rating, geographic location etc.

- If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.

- Developing and maintaining the Group's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.

- Ensuring that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL

The Group has two types of financial assets that are subject to the expected credit loss model:

- loan receivables and interest receivables; and
- deposits and other receivables.

While pledged bank deposit and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Loan receivables and interest receivables

The Group measures loss allowance under HKFRS 9 ECL model. The measure of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

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

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial assets is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset. The key inputs used for measuring ECL are:

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL (Continued)

Loan receivables and interest receivables (Continued)

- Probability of default ("PD");
- Loss given default ("LGD"); and
- Exposure at default ("EAD")

Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's estimation of probabilities of default to individual company;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- Development of ECL models, including the various formulas and the choice of inputs over determination of the period over which the entity is exposed to credit risk based on the behavioural life of the credit exposures, loss given default and collateral recovery of the credit exposures;
- Determination of associations between macroeconomic scenarios and economic inputs, such as delinquency ratios and collateral values, and the effect on probabilities of default, exposures at default and losses given default; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL (Continued)

Loan receivables and interest receivables (Continued)

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The Group categorises the credit quality of its loan receivables and interest receivables according to 3 different stages under the ECL model:

- Stage 1: financial assets without significant increase in credit risk since initial recognition where loss allowance is calculated based on 12-month ECL.
- Stage 2: financial assets with significant increase in credit risk since initial recognition where loss allowance is calculated based on lifetime ECL.
- Stage 3: credit impaired assets where loss allowance is calculated based on lifetime ECL.

Significant increase in credit risk

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL (Continued)

Loan receivables and interest receivables (Continued)

Significant increase in credit risk (Continued)

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

- Significant deterioration in external market indicators of credit risk, e.g. a significant decrease in credit rating of the debtor;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtors' ability to meet its debt obligations.

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

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL (Continued)

Loan receivables and interest receivables (Continued)

Significant increase in credit risk (Continued)

The Group collects performance and default information about its credit risk exposures and analyses all data collected using statistical model and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as delinquency rate on residential mortgage and residential property price index. The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Group uses different criteria to determine whether credit risk has increased significantly and the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due. The Group performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

The Group has controls and procedures in place to identify when the credit risk of an asset improves and the definition of significant increase in credit risk is no longer met. When this is the case the asset may move back to stage 1 from stage 2, subject to payments being up to date and the ability of the borrower to make future payments on time.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL (Continued)

Loan receivables and interest receivables (Continued)

Default and credit-impaired

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. In particular, the following qualitative indicators are taken into account in determining the risk of default occurring:

- probable bankruptcy entered by the borrowers; and
- death of the debtor.

Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group uses internal and external information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group uses multiple scenarios to model the nonlinear impact of assumptions about macroeconomic factors on ECL. The Group applies probabilities to the forecast scenarios identified.

Deposits and other receivables

Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit loss which is zero.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk exposure

Maximum exposure to credit risk before collateral held or other credit enhancements

According to the characteristics of risk level, the Group classifies the risk level of financial assets included in the measurement of expected credit losses into "Risk level 1", "Risk level 2", "Risk level 3" and "default". "Risk level 1" means that the asset credit quality is good, there is sufficient evidence to show that the asset is not expected to default; "Risk level 2" means that the asset quality is relatively good, there is no reason or there is no sufficient reason to suspect that the asset is expected to default; "Risk level 3" refers to the unfavorable factors that may cause or have caused an asset default, but no default event has occurred or no significant default has occurred; The criteria for "default" are consistent with the definition of credit-impaired assets. The following table provides an analysis of the credit risk exposure of financial instruments applicable to the expected credit loss measurement. The book value of the following financial assets is the Group's maximum exposure to credit risk for these assets.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk exposure (Continued)

The movements in book value of loan receivables

Loan receivables	Stage 1 12-month ECL HK$'000	Stage 2 Lifetime ECL HK$'000	Stage 3 Lifetime ECL HK$'000	Total HK$'000
Balance as at 1 April 2019	44,504	–	–	44,504
New loans originated	92,291	–	–	92,291
Repayments	(25,947)	–	–	(25,947)
Balance as at 31 March 2020	110,848	–	–	110,848
Acquisition of subsidiaries (Note 34(b))	337,861	2,669	32,876	373,406
New loans originated	68,008	–	–	68,008
Repayments	(82,323)	(37)	(3,200)	(85,560)
– Transfers from Stage 1 to Stage 2	(2,468)	2,468	–	–
– Transfers from Stage 2 to Stage 3	–	(2,595)	2,595	–
Total transfer between stages	(2,468)	(127)	2,595	–
Write-offs	(580)	(38)	(1,198)	(1,816)
Balance as at 31 December 2020	**431,346**	**2,467**	**31,073**	**464,886**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk exposure (Continued)

Movements in ECL allowance on loans to customers

Loan receivables	Stage 1 12-month ECL HK$'000	Stage 2 Lifetime ECL HK$'000	Stage 3 Lifetime ECL HK$'000	Total HK$'000
Balance as at 1 April 2019	–	–	–	–
New loans originated	82	–	–	82
Balance as at 31 March 2020	82	–	–	82
Acquisition of subsidiaries (Note 34(b))	14,030	889	5,475	20,394
New loans originated	2,663	–	–	2,663
Repayments	(1,644)	(59)	(626)	(2,329)
– Transfers from Stage 1 to Stage 2	(223)	223	–	–
– Transfers from Stage 2 to Stage 3	–	(830)	830	–
Total transfer between stages	(223)	(607)	830	–
Change in risk parameters	(1,715)	592	(558)	(1,681)
Balance as at 31 December 2020	**13,193**	**815**	**5,121**	**19,129**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iv) Sensitivity analysis

The allowance for credit losses is sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, economic scenario weighting and other factors considered when applying expert judgment. Changes in these inputs, assumptions and judgments impact the assessment of significant increase in credit risk and the measurement of ECLs.

The following table shows the impact on ECL allowance on loan receivables and interest receivables as at 31 December 2020 and 31 March 2020 by changing individual input.

Change in input on ECL model	**As at 31 December 2020**	As at 31 March 2020
Assuming a further 10% weighting added to the probability of the optimistic scenario and a corresponding 10% weighting reduction in the base scenario	**Decrease by HK$648,000**	Decrease by HK$900
Assuming a further 10% weighting added to the probability of the pessimistic scenario and a corresponding 10% weighting reduction in the base scenario	**Increase by HK$3,647,000**	Increase by HK$27,000
Assuming the forecast collateral value increased by 10%	**Decrease by HK$1,780,000**	Decrease by HK$28,000
Assuming the forecast collateral value decreased by 10%	**Increase by HK$4,465,000**	Increase by HK$40,000

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(v) Collateral held as security

The Group holds collateral against certain loan receivables in the form of mortgages over property. As at 31 December 2020, 77% of the Group's gross loan receivables were secured by mortgages over property (31 March 2020: all) and 6% of the Group's loan receivables were secured by shares of a subsidiary of a related party as set out in Note 35(a) (31 March 2020: Nil). Majority of the collateral are residential properties and commercial properties and all of the collateral is located in Hong Kong.

In the majority of mortgage loan cases, the Group grants loans with a loan-to-value ratio of no more than 75% of the value in the valuation report of the property used as collateral for property mortgages. Approval from senior management of the subsidiaries is needed for loans granted with a loan-to-value ratio that exceed 75%. Senior management of the subsidiaries meet regularly to review the loan to value ratio and when (1) there is a significant change in the property price index in Hong Kong; or (2) when loans are renewed. The directors and senior management of the Group consider that the credit risk arising from the loan and interest receivables is significantly mitigated by the property held as collateral, with reference to the market value of the property which were valued by an independent third party valuer as at the end of the reporting period.

(c) Liquidity risk

The Group's primary cash requirements, apart from granting loans to customers, are for repayment of amount due to a related company, deferred consideration payable and operating expenses. The Group finances its working capital requirements with funds generated from operations.

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through borrowing from a director to meet its working capital requirements.

The below table analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Less than one year HK$'000	Between one and two years HK$'000	Between two and three years HK$'000	Total HK$'000
As at 31 December 2020				
Other payables and accruals	**26,162**	**20,000**	**160,502**	**206,664**
Lease liabilities	**712**	**96**	**56**	**864**
Amount due to a related party	**2,851**	**–**	**–**	**2,851**
	29,725	**20,096**	**160,558**	**210,379**
As at 31 March 2020				
Other payables and accruals	3,163	–	–	3,163
Lease liabilities	492	205	–	697
Amount due to a related party	2,494	–	–	2,494
	6,149	205	–	6,354

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities (including current and non-current liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the consolidated statement of financial position.

The Group was in a net cash position as at 31 December 2020 and 31 March 2020.

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2020 by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The carrying values of financial assets and financial liabilities are a reasonable approximation of their fair values. The financial assets at fair value through profit or loss are recorded at quoted bid prices in an active market and are classified as level 1 fair value measurement. The fair value estimation of investment property, leasehold land and buildings, purchase consideration and assets and liabilities acquired from business combination that are measured at fair value are set out in Note 15, Note 14 and Note 34, respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for loan and interest receivables is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3.1(b), which also sets out key sensitives of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Determining liquidation discount from collateral value of property mortgages;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the number and relation weightings of forward-looking scenarios.

(b) Taxation

The Group is subject to income taxes, land appreciation tax and withholding tax in the PRC and Hong Kong as applicable. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Critical accounting estimates and assumptions (Continued)

(c) Estimated valuation of investment property and leasehold land and buildings

The Group carries its investment property and leasehold land and buildings at fair value with changes in the fair value recognised in profit or loss and other comprehensive income, respectively. It obtains independent valuations at least annually. At the end of each reporting period, management updates its assessment of the fair value of the properties, taking into account the most recent independent valuations. Refer to Note 15 and Note 14 for the assumptions, valuation techniques and fair value measurement of investment property and leasehold land and buildings.

(d) Net realisable values of completed properties for sale

The Group assesses the carrying amounts of completed properties for sale according to their net realisable value based on the realisability of these properties. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(e) Estimated useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives and related depreciation/amortisation for its property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment and intangible assets of similar nature and functions. The useful lives could be changed as a result of asset utilisation, internal technical evaluation, environmental and anticipated use of the assets tempered by related industry benchmark information. Management will change the depreciation/amortisation charge where useful lives are different from the previously estimated lives.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Critical accounting estimates and assumptions (Continued)

(f) Business combination

The Group accounts for the business combination applying the acquisition method. The purchase consideration, assets acquired and the liabilities assumed are recognised and measured on the basis of their fair values at the date of acquisition. To determine fair value of the purchase consideration, assets acquired and liabilities assumed, the Group make estimates and use valuation techniques when a market value is not readily available by reference to valuation conducted by an independent professional value.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the CODM that are used to making strategic decisions. The CODM is identified as the Executive Directors of the Company.

During the nine-month period ended 31 December 2020, the CODM assessed the performance of the Group by reviewing the results of two reportable segments:

Property development and investment	–	Property development for sale of properties in the PRC and property investment for letting of properties in Hong Kong and the PRC.

Money lending – Provide mortgage and personal loan financing to customers.

The CODM reviews the performance of the Group on a regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources.

Information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

5 SEGMENT INFORMATION (CONTINUED)

The segment results and other segment items are as follows:

	Property development and investment HK$'000	Money lending HK$'000	Total HK$'000
For the nine-month period ended 31 December 2020			
Revenue	**5,110**	**19,853**	**24,963**
Segment results	**18,231**	**10,319**	**28,550**
Unallocated other income			**280**
Unallocated other gains, net			**45,097**
Unallocated expenses			**(27,384)**
Profit before income tax			**46,543**
For the year ended 31 March 2020			
Revenue	8,040	6,829	14,869
Segment results	(11,748)	4,661	(7,087)
Unallocated other income			620
Unallocated other losses, net			(3,227)
Unallocated expenses			(14,928)
Loss before income tax			(24,622)

For the nine-month period ended 31 December 2020 and year ended 31 March 2020, unallocated expenses and unallocated other gains and losses represent bargain purchase from acquisition of subsidiaries, acquisition-related costs, corporate expenses and unrealised net exchange gains/(losses), respectively. Segment results represent the profit/(loss) before income tax earned by each segment without allocation of certain other income, other gains and losses and expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

5 SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities are as follows:

	Property development and investment HK$'000	Money lending HK$'000	Total HK$'000
As at 31 December 2020			
Assets			
Segment assets	**369,006**	**559,733**	**928,739**
Unallocated assets			**440,190**
Consolidated total assets			**1,368,929**
Liabilities			
Segment liabilities	**16,968**	**186,777**	**203,745**
Unallocated liabilities			**4,763**
Consolidated total liabilities			**208,508**
As at 31 March 2020			
Assets			
Segment assets	352,178	125,196	477,374
Unallocated assets			456,313
Consolidated total assets			933,687
Liabilities			
Segment liabilities	19,802	1,423	21,225
Unallocated liabilities			4,102
Consolidated total liabilities			25,327

5 SEGMENT INFORMATION (CONTINUED)

All assets are allocated to operating and reportable segments other than certain property, plant and equipment, financial assets at FVPL, certain cash and cash equivalents and certain deposits, prepayments and other receivables.

All liabilities are allocated to operating and reportable segments other than amount due to a related company, deferred income tax liabilities, certain other payables and accruals and certain income tax payable.

Amounts included in the measure of segment results are as follows:

	Property development and investment HK$'000	Money lending HK$'000	Unallocated HK$'000	Total HK$'000
For the nine-month period ended 31 December 2020				
Depreciation	**–**	**(514)**	**(4,468)**	**(4,982)**
Amortisation	**–**	**(514)**	**–**	**(514)**
Interest income	**1,190**	**–**	**53**	**1,243**
Interest expense	**–**	**(1,382)**	**–**	**(1,382)**
Income tax expense	**1,369**	**(1,953)**	**–**	**(584)**
For the year ended 31 March 2020				
Depreciation	(35)	(490)	(5,836)	(6,361)
Interest income	778	146	192	1,116
Interest expense	–	(34)	–	(34)
Income tax expense	(1,743)	(618)	–	(2,361)

5 SEGMENT INFORMATION (CONTINUED)

Revenue from external customers, based on the location where the goods are delivered and services are rendered, and non-current assets, other than pledged bank deposits and deferred income tax assets, by geographical location are as follows:

	Revenue from external customers		**Non-current assets**	
	Nine-month period ended 31 December 2020 HK$'000	Year ended 31 March 2020 HK$'000	**As at 31 December 2020 HK$'000**	As at 31 March 2020 HK$'000
Hong Kong	**21,248**	8,781	**945,585**	664,777
The PRC	**3,715**	6,088	**–**	–
	24,963	14,869	**945,585**	664,777

For the nine-month period ended 31 December 2020 and year ended 31 March 2020, no single customer contributed to 10% or more of the Group's total revenue.

5 SEGMENT INFORMATION (CONTINUED)

A reconciliation of reportable segment assets to total assets and reportable segment liabilities to total liabilities is provided as follows:

	As at 31 December 2020 HK$000	As at 31 March 2020 HK$000
Reportable segment assets	928,739	477,374
Financial assets at fair value through profit or loss	147	167
Cash and cash equivalents	40,917	61,686
Property, plant and equipment	397,500	392,154
Deposits, prepayments and other receivables	1,626	2,306
Total assets per consolidated statement of financial position	1,368,929	933,687
Reportable segment liabilities	203,745	21,225
Amount due to a related company	2,851	2,494
Deferred income tax liabilities	238	238
Other payables and accruals	1,674	676
Income tax payable	–	694
Total liabilities per consolidated statement of financial position	208,508	25,327

6 REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET

Revenue, other income and other gains/(losses), net recognised during the period/year is as follows:

	Nine-month period ended 31 December 2020 HK$000	Year ended 31 March 2020 HK$000
Revenue		
Sales of properties in the PRC (Note)	2,422	4,264
Rental income (under HKFRS 16)	2,688	3,776
Interest income from money lending business (under HKFRS 9)	19,853	6,829
	24,963	14,869
Other income		
Interest income on bank deposits	1,250	1,116
Sundry income	117	499
Wage subsidies under the Employment Support Scheme	324	–
	1,691	1,615
Other gains/(losses), net		
Losses on disposal of property, plant and equipment	–	(69)
Exchange gains/(losses), net	15,587	(12,891)
Fair value losses on financial assets at fair value through profit or loss	(14)	(207)
Fair value gain/(loss) on investment property (Note 15)	3,300	(7,000)
	18,873	(20,167)

Note: Revenue from sales of properties is recognised at a point in time. All sales of properties are entered in a contract that has an original expected completion of one year or less.

7 EXPENSES BY NATURE

Expenses included "cost of sales" and "administrative expenses" are analysed as follows:

	Nine-month period ended 31 December 2020 HK$'000	Year ended 31 March 2020 HK$'000
Employee benefits expenses (Note 9)	**6,739**	6,791
Depreciation of property, plant and equipment (Note 14)	**4,982**	6,361
Amortisation of intangible assets (Note 16)	**514**	–
Auditor's remuneration		
– Audit services	**2,070**	1,000
– Non-audit services	**215**	313
Cost of properties sold	**1,794**	1,684
Commission	**453**	623
Expenses relating to short-term leases (Note 20)	**574**	958
Secretarial fee	**422**	473
Advertising and promotion	**345**	–
Legal and professional fees	**962**	310
Valuation and search fee	**260**	86
License and registration	**307**	352
Printing expense	**231**	221
Utilities	**134**	198
Repairs and maintenance	**283**	168
Building management fees	**290**	344
Insurance	**255**	196
Motor vehicle expense	**133**	164
Computer accessories	**311**	16
Others	**527**	565
Total cost of sales and administrative expenses	**21,801**	20,823

8 PROVISION FOR IMPAIRMENT OF LOAN AND INTEREST RECEIVABLES

	Nine-month period ended 31 December 2020			
	12 months expected credit loss (Stage 1) HK$	Lifetime expected credit loss not credit impaired (Stage 2) HK$	Lifetime expected credit loss credit impaired (Stage 3) HK$	Total HK$
Net reversal of provision for impairment on loan and interest receivables	(919)	(74)	(354)	(1,347)
Write-off of loan receivables	580	38	1,198	1,816
Recovery of loan and interest receivables written-off	–	–	(102)	(102)
	(339)	(36)	742	367

	Year ended 31 March 2020			
	12 months expected credit loss (Stage 1) HK$'000	Lifetime expected credit loss not credit impaired (Stage 2) HK$'000	Lifetime expected credit loss credit impaired (Stage 3) HK$'000	Total HK$'000
Net charge for provision for impairment on loan and interest receivables	82	–	–	82

9 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Nine-month period ended 31 December 2020 HK$'000	Year ended 31 March 2020 HK$'000
Wages, salaries and other allowances	6,542	6,523
Retirement benefit – defined contribution plans	197	268
	6,739	6,791

(a) Retirement benefit – defined contribution plans

As stipulated by rules and regulations in Mainland China, the Group contributes to a state-sponsored retirement plan for its employees in Mainland China, which is a defined contribution plan. The Group and its employees contribute, respectively, part of the employees' basic wages/salary as specified by the local government, and the Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% (year ended 31 March 2020: 5%) of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions were subject to a cap of HK$1,500 (year ended 31 March 2020: HK$1,500) and thereafter contributions are voluntary. No forfeited contributions are available to reduce contributions payable in the future.

During the nine-month period ended 31 December 2020, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK$197,000 (year ended 31 March 2020: HK$268,000). As at 31 December 2020, the Group was not entitled to any forfeited contributions to reduce its future contributions (31 March 2020: Nil).

9 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the period include two (year ended 31 March 2020: three) directors whose emolument is reflected in the analysis shown in Note 37. The emoluments payable to the remaining three (year ended 31 March 2020: two) individuals during the period are as follows:

	Nine-month period ended 31 December 2020 HK$'000	Year ended 31 March 2020 HK$'000
Basic salaries, allowances and benefits in kind	**948**	787
Retirement benefit- defined contribution plan	**30**	36
	978	823

No inducement fee nor compensation for loss of office has paid to or is receivable by any of these individuals (year ended 31 March 2020: Nil).

The emoluments fell within the following bands:

	Nine-month period ended 31 December 2020	Year ended 31 March 2020
Emolument bands		
Nil to HK$1,000,000	**3**	2

10 FINANCE COSTS

	Nine-month period ended 31 December 2020 HK$'000	Year ended 31 March 2020 HK$'000
Interest expense on lease liabilities (Note 20)	13	34
Unwinding of interests on deferred consideration payable	1,369	–
	1,382	34

11 SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2020 and 31 March 2020:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Paid up issued share capital	Direct and indirect ownership	
				31 December 2020	31 March 2020
Directly held:					
Termbray Electronics (B.V.I.) Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	100 ordinary shares of US$1 each	100%	100%
Indirectly held:					
Ever Success Properties Limited	Hong Kong, limited liability company	Investment holding in the PRC	100 ordinary shares of HK$1 each	100%	100%
Termbray (China) Land Development Company Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	10,000 ordinary shares of HK$1 each	100%	100%

11 SUBSIDIARIES(CONTINUED)

The following is a list of the principal subsidiaries at 31 December 2020 and 31 March 2020: (Countinued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Paid up issued share capital	Direct and indirect ownership	
				31 December 2020	31 March 2020
Indirectly held: (Continued)					
Termbray (Fujian) Land Development Company Limited	Hong Kong, limited liability company	Property investment in Hong Kong	10,000 ordinary shares of HK$1 each	**100%**	100%
Termbray (Guangzhou) Land Development Company Limited	Hong Kong, limited liability company	Property holding in Hong Kong	10,000 ordinary shares of HK$1 each	**100%**	100%
Termbray Electronics Company Limited	Hong Kong, limited liability company	Investment holding and treasury activities in Hong Kong	2 ordinary shares of HK$100 each and 10,000 non-voting deferred shares of HK$100 each	**100%**	100%
X8 Finance Limited	Hong Kong, limited liability company	Money lending business in Hong Kong	1 ordinary share of HK$1 each	**100%**	100%
Zhongshan Ever Success Properties Limited	The PRC, limited liability company	Property development in the PRC	Registered capital of RMB1,500,000	**100%**	100%
aEasy Credit Investment Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	292,603,752 ordinary share of HK$1 each	**100%**	–
Zero Finance Hong Kong Limited	Hong Kong, limited liability company	Money lending business in Hong Kong	270,500,000 ordinary share of HK$1 each	**100%**	–

12 INCOME TAX EXPENSE

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods. The Group has estimated the tax provision for PRC Land Appreciation Tax ("LAT") according to the requirements set forth in the relevant PRC tax laws and regulations.

For the nine-month period ended 31 December 2020, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. For the year ended 31 March 2020, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong, except for the first HK$2,000,000 of assessable profit which is calculated at 8.25% in accordance with the two-tiered tax rate regime.

The amount of income tax expense charged to the consolidated statement of profit or loss represents:

	Nine-month period ended 31 December 2020 HK$'000	Year ended 31 March 2020 HK$'000
Current income tax		
– PRC enterprise income tax	**1,284**	656
– PRC land appreciation tax (Note)	**(4,310)**	1,119
– Hong Kong profits tax	**2,081**	911
– Over-provision in prior years	**(117)**	(24)
	(1,062)	2,662
Deferred income tax (Note 26)	**1,646**	(301)
Income tax expense	**584**	2,361

12 INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise as follows:

	Nine-month period ended 31 December 2020 HK$'000	Year ended 31 March 2020 HK$'000
Profit/(loss) before income tax	**46,543**	(24,622)
Tax calculated at domestic tax rates applicable to profits in the respective places of business	**12,317**	(4,402)
Income not subject to tax	**(11,907)**	(321)
Expenses not deductible for tax purposes	**3,383**	6,455
Tax effect of tax losses not recognised	**1,218**	–
Tax effect of LAT (Note)	**(4,310)**	818
Tax concession	**–**	(165)
Over-provision in prior years	**(117)**	(24)
Income tax expense	**584**	2,361

Note: A PRC subsidiary has completed its LAT reconciliation process with its provincial tax authority in December 2020. Management revised its estimation of the LAT exposure accordingly and reduced its LAT provision by HK$4,310,000 for the nine-month period ended 31 December 2020.

The weighted average applicable tax rate for the nine-month period ended 31 December 2020 was 26.5% (year ended 31 March 2020: 17.9%). The increase is caused by a change in the profitability of the Company and its subsidiaries having different tax rates in the respective places of business.

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 April 2008 and applies to earnings after 31 March 2008. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, deferred income tax has not been provided for in the consolidated financial statements (Note 26) in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences, does not plan to repatriate, and it is probable that the temporary differences will not reverse in the foreseeable future.

13 EARNINGS/(LOSS) PER SHARE

13.1 Basic earnings/(loss) per share

Basic earnings/(loss) per share are calculated by dividing the profit/(loss) of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	Nine-month period ended 31 December 2020	Year ended 31 March 2020
Profit/(loss) attributable to owners of the Company (HK$'000)	**45,959**	(26,983)
Weighted average number of ordinary shares in issue ('000)	**2,120,298**	1,957,643
Basic earnings/(loss) per share (HK cents)	**2.17**	(1.38)

13.2 Diluted earnings/(loss) per share

There were no potential dilutive ordinary shares outstanding during the nine-month period ended 31 December 2020 and the year ended 31 March 2020 and hence the diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share.

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK$'000	Buildings HK$'000	Furniture, fixtures, equipment and leasehold improvements HK$'000	Motor vehicles HK$'000	Leased office premise HK$'000	Total HK$'000
Cost or valuation:						
At 1 April 2020	378,390	13,610	10,132	5,900	1,136	409,168
Acquisition of subsidiaries (Note 34(b))	–	–	3,552	–	1,489	5,041
Lease modification	–	–	–	–	(117)	(117)
Additions	–	–	6	–	–	6
Gain/(loss) on revaluation	6,400	(900)	–	–	–	5,500
At 31 December 2020	384,790	12,710	13,690	5,900	2,508	419,598
Accumulated depreciation and impairment:						
At 1 April 2020	–	–	9,978	5,900	470	16,348
Acquisition of subsidiaries (Note 34(b))	–	–	2,632	–	863	3,495
Provided during the period (Note 7)	3,874	594	100	–	414	4,982
Gain on revaluation	(3,874)	(594)	–	–	–	(4,468)
At 31 December 2020	–	–	12,710	5,900	1,747	20,357
Net book value						
At 31 December 2020	384,790	12,710	980	–	761	399,241
An analysis of cost or valuation:						
At cost model	–	–	980	–	761	1,741
At revalued amount	384,790	12,710	–	–	–	397,500
	384,790	12,710	980	–	761	399,241

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land HK$'000	Buildings HK$'000	Furniture, fixtures, equipment and leasehold improvements HK$'000	Motor vehicles HK$'000	Leased office premise HK$'000	Total HK$'000
Cost or valuation:						
At 1 April 2019	395,000	14,000	10,238	5,900	1,136	426,274
Disposals	–	–	(106)	–	–	(106)
Loss on revaluation	(16,610)	(390)	–	–	–	(17,000)
At 31 March 2020	378,390	13,610	10,132	5,900	1,136	409,168
Accumulated depreciation and impairment:						
At 1 April 2019	–	–	9,995	5,865	–	15,860
Provided during the year (Note 7)	5,096	740	20	35	470	6,361
Disposals	–	–	(37)	–	–	(37)
Gain on revaluation	(5,096)	(740)	–	–	–	(5,836)
At 31 March 2020	–	–	9,978	5,900	470	16,348
Net book value						
At 31 March 2020	378,390	13,610	154	–	666	392,820
An analysis of cost or valuation:						
At cost model	–	–	154	–	666	820
At revalued amount	378,390	13,610	–	–	–	392,000
	378,390	13,610	154	–	666	392,820

Depreciation expenses of HK$4,982,000 (year ended 31 March 2020: HK$$6,361,000) has been charged within "Administrative expenses" in the consolidated statement of profit or loss.

At 31 December 2020 and 31 March 2020, certain leasehold land and buildings in Hong Kong is used as accommodation to certain directors of the Company.

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group has accounted for leasehold land and buildings using the revaluation model.

(a) Valuation process of the Group

The Group's leasehold land and buildings were valued at 31 December 2020 and 31 March 2020 by independent professionally qualified valuer, Vigers Appraisal & Consulting Ltd ("Vigers"), who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the leasehold land and buildings valued. For all leasehold land and buildings, their current use equates to the highest and best use. The resulting gain arising on revaluation of HK$9,968,000 (year ended 31 March 2020: loss of HK$11,164,000) has been credited (year ended 31 March 2020: debited) to the property revaluation reserve. There is no restriction on the distribution of the property revaluation reserve to the shareholders. If the leasehold land and buildings had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation of approximately HK$37,104,000 (31 March 2020: HK$37,490,000).

The recurring fair value measurements for leasehold land and buildings are included in level 3 of the fair value hierarchy. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There was no transfer between 1, 2 and 3 during the period (year ended 31 March 2020: Nil).

(b) Valuation techniques

The valuation of the property was determined using the direct comparison method (Level 3 approach) by making reference to comparable market transactions for similar properties. The most significant input into this valuation approach is unit sale price, taking into account the differences in transaction time, location, frontage and size etc. between the comparables and the property, amounts to HK$27,000 and HK$110,700 (31 March 2020: HK$26,800 and HK$109,000), respectively, per square foot on saleable area basis. An increase in the unit sale price adopted would result in an increase in the fair value measurement of the leasehold land and buildings by the same magnitude, and vice versa.

15 INVESTMENT PROPERTY

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
At beginning of the period/year	**180,000**	187,000
Fair value gain/(loss) on revaluation (Note 6)	**3,300**	(7,000)
At end of the period/year	**183,300**	180,000

At 31 December 2020 and 31 March 2020, the investment property of the Group was let out to Mr. Lee Wing Keung, a son of Mr. Lee Lap and brother of Mr. Tommy Lee, directors of the Company, details of which are set out in Note 35.

The Group leases out its land and buildings under non-cancellable operating lease arrangements. The lease term is 3 years (31 March 2020: 3). The Group has classified these leases as operating leases. Rental income from this investment property for the period amounted to HK$1,395,000 (year ended 31 March 2020: HK$1,952,000). Direct operating expense incurred for investment property that generated rental income during the period amounted to HK$381,000 (year ended 31 March 2020: HK$395,000).

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'. Refer to Note 33 for disclosures of minimum lease payments receivables on leases of investment property.

(a) Valuation process of the Group

The Group's investment property was valued at 31 December 2020 and 31 March 2020 by independent professionally qualified valuer, Vigers, who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment property valued. For the investment property, its current use equates to the highest and best use. The fair value gain/(loss) are included in "Other gains/(losses), net" in the consolidated statement of profit or loss.

The recurring fair value measurement for investment property is included in level 3 of the fair value hierarchy. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There was no transfer between 1, 2 and 3 during the period (year ended 31 March 2020: Nil).

15 INVESTMENT PROPERTY (CONTINUED)

(b) Valuation techniques

The valuation of investment property was determined using the direct comparison method (Level 3 approach) by making reference to comparable market transactions for similar properties. The most significant input into this valuation approach is unit sale price, taking into account the differences in transaction time, location, frontage and size etc. between the comparables and the property, of HK$57,300 (31 March 2020: HK$56,250) per square foot on saleable area basis. An increase in the unit sale price adopted would result in an increase in the fair value measurement of the investment property by the same magnitude, and vice versa.

16 INTANGIBLE ASSETS

	Mobile application HK$'000	Brand name HK$'000	Total HK$'000
Cost:			
At 1 April 2020	–	–	–
Acquisition of subsidiaries (Note 34(b))	1,242	13,480	14,722
At 31 December 2020	**1,242**	**13,480**	**14,722**
Accumulated amortisation and impairment:			
At 1 April 2020	–	–	–
Provided during the period (Note 7)	(289)	(225)	(514)
At 31 December 2020	**(289)**	**(225)**	**(514)**
Net book value			
At 31 December 2020	**953**	**13,255**	**14,208**

Amortisation expenses of HK$514,000 (year ended 31 March 2020: Nil) has been charged within "Administrative expenses" in the consolidated statement of profit or loss.

17 COMPLETED PROPERTIES FOR SALE

The completed properties for sale are stated at the lower of cost and net realisable value. No impairment loss is recognised for the nine-month period ended 31 December 2020 and the year ended 31 March 2020.

18 LOAN RECEIVABLES

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
Gross loan receivables – property mortgage loans	**359,985**	110,848
Gross loan receivables – personal loans	**75,901**	–
Gross loan receivables – corporate loans (Note 35(a))	**29,000**	–
Total gross loan receivables	**464,886**	110,848
Less: Provision for impairment – Stage 1	**(13,193)**	(82)
Provision for impairment – Stage 2	**(815)**	–
Provision for impairment – Stage 3	**(5,121)**	–
Total provision for impairment	**(19,129)**	(82)
Loan receivables, net of provision	**445,757**	110,766
Less: Non-current portion	**(348,836)**	(91,957)
Current portion	**96,921**	18,809

The Group's loan receivables, which arise from the money lending business of providing property mortgage loans and personal loans (year ended 31 March 2020: property mortgage loans only) in Hong Kong, are denominated in Hong Kong dollars and the carrying amounts approximate their fair values.

Except for personal loan receivables of HK$75,901,000 as at 31 December 2020 (31 March 2020: Nil) which are unsecured, loan receivables are secured by collaterals provided by customers, interest-bearing and repayable with fixed terms agreed with the customers.

18 LOAN RECEIVABLES (CONTINUED)

The Group's maximum credit risk exposure of loan receivables as at 31 December 2020 is set out in Note 3.1(b).

A maturity profile of the loan receivables as at the end of the reporting period, based on the maturity date, net of provision, is as follows:

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
Within one year	**96,921**	18,809
One to two years	**59,175**	6,052
Two to five years	**56,548**	19,214
Over five years	**233,113**	66,691
	445,757	110,766

19 INTEREST RECEIVABLES

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
Gross interest receivables – property mortgage loans	**1,496**	313
Gross interest receivables – personal loans	**1,438**	–
	2,934	313

The Group's interest receivables, which arise from the money lending business of providing property mortgage loans and personal loans (year ended 31 March 2020: property mortgage loans only) in Hong Kong, are denominated in Hong Kong dollars and the carrying amounts approximate their fair values.

19 INTEREST RECEIVABLES (CONTINUED)

Except for interest receivables of HK$1,438,000 as at 31 December 2020 (31 March 2020: Nil) which are unsecured, interest receivables are secured by collaterals provided by customers and repayable with fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the receivables mentioned above.

Interest receivables as at the end of the reporting period, net of provision, have maturities within one year.

20 LEASE LIABILITIES

(a) Amounts recognised in the consolidated statement of financial position

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
Lease liabilities		
Current portion	**700**	475
Non-current portion	**148**	203
	848	678

(b) Amounts recognised in the consolidated statement of profit or loss

	Nine-month period ended 31 December 2020 HK$'000	Year ended 31 March 2020 HK$'000
Interest expense on lease liabilities	**13**	34
Expenses relating to short-term leases	**574**	958

The total cash outflow for leases for the nine-month period ended 31 December 2020 was HK$957,000 (year ended 31 March 2020: HK$1,450,000).

21 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
Financial assets at amortised cost		
Loan receivables (Note 18)	445,757	110,766
Interest receivables (Note 19)	2,934	313
Deposits and other receivables (Note 22)	1,863	1,777
Pledged bank deposit (Note 24)	2,000	2,000
Cash and cash equivalents (Note 25)	256,474	187,827
	709,028	302,683
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss (Note 23)	147	167
	709,175	302,850
Financial liabilities at amortised cost		
Other payables and accruals (Note 29)	182,585	2,803
Amount due to a related company (Note 30)	2,851	2,494
Lease liabilities (Note 20)	848	678
	186,284	5,975

22 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
Prepayments	**2,226**	201
Deposits	**707**	623
Other receivables	**1,156**	1,154
	4,089	1,978

The carrying amounts of the Group's deposits, prepayments and other receivables, which are neither past due nor impaired, approximate their fair values and are mainly denominated in the following currencies:

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
HKD	**4,053**	1,934
RMB	**36**	44
	4,089	1,978

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
Equity securities held for trading	**147**	167

The financial assets are listed instruments denominated in Hong Kong dollars and are classified as current assets.

24 PLEDGED BANK DEPOSIT

As at 31 December 2020, a pledged bank deposit of HK$2,000,000 (31 March 2020: HK$2,000,000) was pledged to a bank as security in respect of mortgage loans granted to property purchasers by banks. The pledge would be released upon delivering the building ownership certificate of the respective property by the customers to the banks as a pledge for security to the mortgage loan granted.

Pledged bank deposit carries interest at effective interest rates at 0.01% (31 March 2020: 0.01%) per annum. The carrying amount of pledged bank deposit approximates its fair value and is denominated in HKD (31 March 2020: HKD).

25 CASH AND CASH EQUIVALENTS

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
Cash at bank and on hand	**256,474**	187,827
Maximum exposure to credit risk	**256,474**	187,827

The carrying amounts of cash and cash equivalents approximate their fair values and are denominated in the following currencies:

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
HKD	**140,897**	83,676
RMB	**115,160**	103,741
Others	**417**	410
	256,474	187,827

Cash and bank balances of the Group denominated in RMB which are deposited with the banks in the PRC are not freely convertible into other currencies. The Group can apply to exchange RMB for other currencies through banks authorised to conduct foreign exchange business under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

26 DEFERRED INCOME TAX

All deferred income tax assets/(liabilities) of the Group are expected to be recovered after more than 12 months. The gross movement in deferred income tax account is as follows:

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
Deferred income tax assets		
At beginning of the period/year	**2,716**	2,600
Acquisition of subsidiaries (Note 34(b))	**242**	–
(Debited)/credited to profit or loss (Note 12)	**(1,646)**	301
Exchange differences	**134**	(185)
At end of the period/year	**1,446**	2,716
Deferred income tax liabilities	**(238)**	(238)

26 DEFERRED INCOME TAX (CONTINUED)

The nature of items giving rise to deferred income tax assets, without taking into consideration the offsetting of balances within the same jurisdiction, are as follows:

Deferred income tax assets

	Land appreciation tax HK$'000	Provision for collective impairment of loans and interest receivables HK$'000	Others HK$'000	Total HK$'000
At 1 April 2019	2,600	–	–	2,600
Credited to profit or loss	301	–	–	301
Exchange differences	(185)	–	–	(185)
At 31 March 2020	2,716	–	–	2,716
Acquisition of subsidiaries	–	2,462	108	2,570
(Charged)/credited to profit or loss	(1,572)	(161)	28	(1,705)
Exchange differences	134	–	–	134
At 31 December 2020	**1,278**	**2,301**	**136**	**3,715**

26 DEFERRED INCOME TAX (CONTINUED)

The nature of items giving rise to deferred income tax liabilities, without taking into consideration the offsetting of balances within the same jurisdiction, are as follows:

Deferred income liabilities

	Intangible assets HK$'000	Others HK$'000	Total HK$'000
At 1 April 2019 and 31 March 2020	–	(238)	(238)
Acquisition of subsidiaries	(2,225)	(103)	(2,328)
Credited to profit or loss	38	21	59
At 31 December 2020	**(2,187)**	**(320)**	**(2,507)**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$14,518,000 (31 March 2020: HK$13,300,000) in respect of losses amounting to HK$85,481,000 (31 March 2020: HK$80,607,000) that can be carried forward against future taxable income.

Pursuant to the relevant PRC corporate income tax rules and regulations, deferred tax on withholding tax is imposed on declared dividends in respect of profits earned by the Group's PRC subsidiaries from 1 January 2008.

Deferred income tax liabilities of approximately HK$5,619,000 (31 March 2020: approximately HK$5,406,000) as at 31 December 2020 have not been provided for in the consolidated statement of financial position in respect of temporary differences attributable to accumulated profits of the Group's certain PRC subsidiaries as the Group controls the dividend policy of these PRC subsidiaries and it is probable that these temporary differences will not be reversed in the foreseeable future.

27 SHARE CAPITAL

	Number of ordinary Shares '000	Normal value of ordinary shares HK$'000
Authorised:		
Ordinary share of HK$0.08 each at 1 April 2019, 31 March 2020 and 31 December 2020	2,800,000	224,000
Issued and fully paid:		
At 1 April 2019 and 31 March 2020	1,957,643	156,611
Acquisition of subsidiaries (Note 34(a))	710,000	56,800
At 31 December 2020	**2,667,643**	**213,411**

28 RESERVES

The amount of the Group's reserve and the movements therein for the current period and prior years are presented in the consolidated statement of changes in equity in this consolidated financial statements.

No dividend was paid in respect of the nine-month period ended 31 December 2020 (year ended 31 March 2020: Nil).

29 OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
Deferred consideration payable (Note 34(a))	178,255	–
Rental deposits	410	439
Accrued audit fee	1,663	1,000
Accrued repair and maintenance fee	839	839
Accrued employee benefits expenses	1,833	360
Other payables and accrued expenses	1,418	525
Other payables and accruals	184,418	3,163
Less: Non-current portion of deferred consideration Payable (Note 34(a))	(166,183)	–
	18,235	3,163
Contract liabilities (Note)	284	798

Note:

The Group receives a fixed sum as deposits from customers when they sign the sale and purchase agreement. These deposits are recognised as contract liabilities until the customers obtain control of the completed properties. Revenue recognised in relation to contract liabilities:

	Nine-month period ended 31 December 2020 HK$'000	Year ended 31 March 2020 HK$'000
Revenue recognised that was included in the contract liabilities balance at beginning of the period/year	798	1,650

29 OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES (CONTINUED)

The carrying amounts of the Group's other payables and accruals and contract liabilities approximate their fair values and are denominated in following currencies:

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
HKD	**182,976**	1,794
RMB	**1,726**	2,167
	184,702	3,961

30 AMOUNT DUE TO A RELATED COMPANY

The balance is unsecured, interest-free and repayable on demand. The carrying amounts of these balances approximate their fair values and are denominated in Hong Kong dollars.

31 CASH FLOW INFORMATION

(a) Reconciliation of profit/(loss) before income tax to cash generated from/(used in) operations:

	Note	**Nine-month period ended 31 December 2020 HK$'000**	Year ended 31 March 2020 HK$'000
Profit/(loss) before income tax		**46,543**	(24,622)
Adjustments for:			
Interest income on bank deposits	6	**(1,250)**	(1,116)
Depreciation of property, plant and equipment	7	**4,982**	6,361
Amortisation of intangible assets	7	**514**	–
Interest expense on lease liabilities	10	**13**	34
Unwinding of interests on deferred consideration payable	10	**1,369**	–
Provision for impairment of loan and interest receivables	8	**367**	82
Fair value (gain)/loss on investment property	6	**(3,300)**	7,000
Fair value losses on financial assets at fair value through profit or loss	6	**14**	207
Losses on disposal of property, plant and equipment	6	**-**	69
Unrealised net exchange (gains)/losses	6	**(15,587)**	12,891
Bargain purchase from acquisition of subsidiaries	34(b)	**(41,300)**	–
		(7,635)	906
Changes in working capital:			
Completed properties held for sale		**698**	1,182
Loan receivables		**17,654**	(66,344)
Interest receivables		**345**	(214)
Deposits, prepayments and other receivables		**445**	113
Other payables and accruals		**2,623**	(1,682)
Contract liabilities		**(514)**	(852)
Amount due from related companies		**3,264**	–
Amount due to a related company		**(650)**	395
Cash generated from/(used in) operations		**16,230**	(66,496)

31 CASH FLOW INFORMATION (CONTINUED)

(b) In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	Nine-month period ended 31 December 2020 HK$'000	Year ended 31 March 2020 HK$'000
Net book amount (Note 14)	–	69
Loss on disposals of property, plant and equipment (Note 6)	–	(69)
Proceeds from disposals of property, plant and equipment	–	–

(c) Reconciliation of liabilities arising from financing activities

	Lease liabilities HK$'000
At 1 April 2019	(1,136)
Cash flows	458
At 31 March 2020	(678)
Acquisition of subsidiaries (Note 34(b))	(657)
Lease modification	117
Cash flows	370
At 31 December 2020	**(848)**

32 CONTINGENCIES

The Group and the Company did not have any material contingent liabilities as at 31 December 2020 (31 March 2020: Nil).

33 OPERATING LEASE COMMITMENTS – GROUP AS LESSOR

The Group's investment property of HK$183,300,000 (31 March 2020: HK$180,000,000) was let out under operating leases.

Certain properties held for sale with carrying amounts of HK$4,255,000 (31 March 2020: HK$4,802,000) were also let out under operating leases. The directors of the Company considered that the properties held for sale are remained as properties held for sale by taking into accounts of the fact the Group has put selling effort to sell the said properties and actual sales were incurred during the period. The Group has engaged certain property agents to search potential buyers, set up a sales office to support the sales activities and there are advertisements to boost the sales. Moreover, the properties held for sale let out are under short term leases in order to allow the flexibility to control the number of residential units available for sale. The management has been actively marketing these properties held for sale at a price that is reasonable to its current fair value.

All of the properties leased out have committed tenants ranging from six months to three years (31 March 2020: one month to three years).

The future aggregate minimum lease payments receivables under non-cancellable operating leases are as follows:

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
Less than one year	**1,929**	1,899
One to two years	**1,860**	1,860
Two to three years	**385**	1,780
	4,174	5,539

34 BUSINESS COMBINATION

On 23 September 2020, Termbray Wealth Investment Limited ("Purchaser"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("SPA") with Earth Axis Investment Limited, a company controlled by Mr. Tommy Lee, a director of the Group, to acquire the entire issued share capital of aEasy Credit Investment Limited.

The initial amount of the consideration stated on the SPA is HK$404,109,000, which is subject to post-completion dollar-for-dollar adjustments based on the net asset value of aEasy Credit Investment Limited and its subsidiaries (together, the "Acquired Subsidiaries") as at completion unless the difference is less than HK$1,000,000. The consideration shall be settled by the Company's issue of 710,000,000 new shares at the issue price of HK$0.289 which approximates HK$205,229,000; and cash consideration to be settled by the Purchaser, in stages – (a) HK$20,000,000 on or before 31 December 2021; (b) HK$20,000,000 on or before 31 December 2022; and (c) the balance of the consideration on or before 31 December 2023.

The acquisition was completed on 30 October 2020. Upon completion, the Group exercises control over the Acquired Subsidiaries and have rights to return of the Acquired Subsidiaries. The Acquired Subsidiaries became the Company's wholly owned subsidiaries. The Company expects that the merger of the Group's existing property mortgage loan business with the secured and unsecured loan businesses of the Acquired Subsidiaries will bring synergy effect to the money lending business of the Group as a whole after the acquisition.

(a) Details of the purchase consideration for the acquisition

	Fair value HK$'000
Ordinary shares issued	198,800
Deferred consideration payable	176,887
Total purchase consideration	375,687

The fair value of the 710,000,000 shares issued as part of the consideration paid for the acquisition was based on the published share price on 30 October 2020 of HK$0.28 per share. Issue costs of HK$404,000 which were directly attributable to the issue of the shares have been netted against the deemed proceeds.

The gross amount of the deferred consideration payable amounts to HK$200,502,000. It is discounted at an interest rate of 4.4817% based on valuation report from AVISTA Valuation Advisory Limited with HK$176,887,000 recognized within non-current liabilities on completion date.

34 BUSINESS COMBINATION (CONTINUED)

(b) Details of the net assets acquired and bargain purchase recognized as a result of the acquisition

	Fair value HK$'000
Property, plant and equipment	1,546
Intangible assets	14,722
Deferred income tax assets	242
Loan receivables	353,012
Interest receivables	2,966
Deposits, prepayments and other receivables	2,556
Cash and cash equivalents	43,091
Amounts due from related companies	3,264
Amounts due to related companies	(1,007)
Lease liabilities	(657)
Other payables and accruals	(376)
Income tax payable	(2,372)
Net identifiable assets acquired	416,987
Less: Total purchase consideration	(375,687)
Bargain purchase from acquisition of subsidiaries	41,300

The bargain purchase from acquisition of entities from a related party is mainly attributable to discounting impact of the deferred consideration payable and fair value adjustments of intangible assets. It will not be taxable for tax purposes.

(c) Acquisition-related costs

Acquisition-related costs in relation to the acquisition of HK$16,734,000 that were not directly attributable to the issue of shares are expensed in the consolidated statement of profit or loss and in operating cash flows in the consolidated statement of cash flows. The amount included auditors' remuneration of HK$2,956,000 and HK$565,000 for audit services and non-audit services respectively in relation to the acquisition.

34 BUSINESS COMBINATION (CONTINUED)

(d) Revenue and profit contribution

The acquired business contributed revenues of HK$13,401,000 and net profit of HK$4,993,000 to the Group for the period from 30 October 2020 to 31 December 2020.

If the acquisition had occurred on 1 April 2020, the Acquired Subsidiaries' consolidated pro-forma revenue and net profit for the nine-month period ended 31 December 2020 would have been HK$54,645,000 and HK$16,719,000 respectively. These amounts have been calculated using the Acquired Subsidiaries' financial results and adjusting them for (i) differences in the accounting policies between the Group and the Acquired Subsidiaries, (ii) exclusion of financial results of subsidiaries being disposed of by the Acquired Subsidiaries in a restructuring which occurred prior to the acquisition, together with the consequential gain on disposal recognised, and (iii) the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from 1 April 2020, together with the consequential tax effects.

If the acquisition had occurred on 1 April 2020, the Group's consolidated pro-forma revenue and net profit for the nine-month period ended 31 December 2020 would have been HK$66,207,000 and HK$53,058,000 respectively. These amounts have included the Acquired Subsidiaries' consolidated pro-forma financial results, bargain purchase from acquisition of subsidiaries of HK$41,300,000 and acquisition related costs of HK$16,734,000 for the nine-month period ended 31 December 2020, and have been adjusted for the additional finance costs that would have been charged assuming the unwinding of interests on deferred consideration payable had applied from 1 April 2020, together with the consequential tax effects.

35 RELATED PARTY DISCLOSURES

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) Other than the amount due to a related party (Note 30) and acquisition of entities from a related party (Note 34), the Company's related party transactions are as follows:

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
Balance with related parties:		
Loan receivables (Note iv)	**29,000**	–
Lease liabilities (Note iii)	**40**	–

35 RELATED PARTY DISCLOSURES (CONTINUED)

	Nine-month period ended 31 December 2020 HK$'000	Year ended 31 March 2020 HK$'000
Transactions with related parties:		
Administrative expense (Note i)	365	486
Rental income (Note ii)	1,395	1,952
Lease payments (Note iii)	16	–
Interest income (Note iv)	1,200	–

Note:

(i) Pursuant to the tenancy agreements entered into between Panda Investment Company Limited ("Panda Investment") and the Group, the Group leased certain office premises of Panda Investment during the period at the agreed rental of HK$365,000 (year ended 31 March 2020: HK$486,000) per annum. Panda Investment is a wholly owned subsidiary of Lee & Leung Family Investment Limited, the ultimate parent of the Company.

(ii) Pursuant to tenancy agreements entered into between Mr. Lee Wing Keung, a son of Mr. Lee Lap and brother of Mr. Tommy Lee, directors of the Company, and the Group, the Group leased its land and building to Mr. Lee Wing Keung for a term of three years from 16 March 2017 to 15 March 2020 at monthly rental of HK$163,000 (exclusive of rates, management fee and utility charges) ("2017 Tenancy Agreement").

On 4 March 2020, the Group renewed the 2017 Tenancy Agreement with Mr. Lee Wing Keung for a term of three years from 16 March 2020 to 15 March 2023 at a monthly rent of HK$155,000 (exclusive of rates, management fee and utility charges) ("2020 Tenancy Agreement").

The rental income recognised by the Group during the current period is HK$1,395,000 from the 2020 Tenancy Agreement (year ended 31 March 2020: HK$1,872,000 from the 2017 Tenancy Agreement and HK$80,000 from the 2020 Tenancy Agreement).

(iii) The amount represents accruals/payments for leasing office premises to two related companies, which are ultimately held by certain directors of the Group.

(iv) The balance represents a loan to a company in which a director is also a director of the Group. This balance is secured by the shares of a subsidiary of the related party with interest bearing at 24% per annum. The carrying amount of this balance approximates its fair value and is denominated in Hong Kong dollars.

(b) In the opinion of the directors, the directors of the Company represented the key management personnel of the Company. During the period, HK$4,340,000 (year ended 31 March 2020: HK$7,447,000) was paid to the key management personnel, details of which are set out in Note 37.

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000
ASSETS		
Non-current assets		
Investment in subsidiaries (Note)	938,853	919,234
Amount due from a subsidiary	198,800	–
	1,137,653	919,234
Current assets		
Cash and cash equivalents	4,052	2,454
Other current assets	147	329
	4,199	2,783
Total assets	1,141,852	922,017
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	213,411	156,611
Reserves	894,106	751,987
Total equity	1,107,517	908,598
Liabilities		
Current liabilities		
Amount due to a subsidiary	33,037	12,404
Other current liabilities	1,298	1,015
Total liabilities	34,335	13,419
Total equity and liabilities	1,141,852	922,017

Note: The Company's balance of investment in subsidiaries represents its investment cost and the deemed investments arising from the waiver of amounts due from subsidiaries pursuant to the relevant written statements made by the Company on 1 April 2015.

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company

	Share premium HK$'000	Contributed surplus (Note) HK$'000	Retained earnings HK$'000
At 1 April 2019	404,370	191,810	195,556
Loss and total comprehensive loss for the year	–	–	(20,130)
At 31 March 2020	404,370	191,810	175,426
At 1 April 2020	404,370	191,810	175,426
Loss and total comprehensive loss for the period	–	–	(19,096)
Issue of ordinary shares as consideration for a business combination (Note 34(a))	141,596	–	–
At 31 December 2020	**545,966**	**191,810**	**156,330**

Note: The contributed surplus represents the difference between the shareholders' funds of the subsidiaries acquired and the nominal amount of the Company's share issued as consideration for the acquisition at the time of the group reorganisation implemented prior to the listing of the Company's shares in 1991.

37 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

(a) Directors' and senior management's emoluments

The remuneration of the directors of the Company is set out below:

	Nine-month period ended 31 December 2020			
Name	Fees	Basic salaries, allowances and benefits-in-kind	Employer's contribution to a retirement benefit scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive director				
Mr. Lee Lap	–	2,700	–	2,700
Mr. Wong Shiu Kee	–	1,125	56	1,181
Mr. Tommy Lee (Note (ii))	–	180	9	189
Independent non-executive directors				
Mr. Lo Yiu Hee	90	–	–	90
Mr. Tong Hin Wor	90	–	–	90
Mr. Ching Yu Lung	90	–	–	90
	270	4,005	65	4,340

37 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

(a) Directors' and senior management's emoluments (Continued)

	Year ended 31 March 2020			
Name	Fees	Basic salaries, allowances and benefits-in-kind	Employer's contribution to a retirement benefit scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive director				
Mr. Lee Lap	–	3,702	–	3,702
Mdm. Leung Lai Ping (Note (i))	–	1,503	–	1,503
Mr. Wong Shiu Kee	–	1,500	75	1,575
Mr. Tommy Lee (Note (ii))	–	240	12	252
Non-executive directors				
Mr. Lee Ka Sze, Camelo (Note (iii))	55	–	–	55
Independent non-executive directors				
Mr. Lo Yiu Hee	120	–	–	120
Mr. Tong Hin Wor	120	–	–	120
Mr. Ching Yu Lung	120	–	–	120
	415	6,945	87	7,447

(i) The director resigned on 13 September 2019.

(ii) The director is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as chief executive.

(iii) The director retired on 13 September 2019.

37 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

(b) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the nine-month period ended 31 December 2020 (year ended 31 March 2020: Nil).

(c) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the nine-month period ended 31 December 2020 (year ended 31 March 2020: Nil).

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

No loans, quasi-loans and other dealings were made available in favour of directors, body corporates controlled by and connected entities with such directors subsisted at the end of the period or at any time during the nine-month period ended 31 December 2020 (year ended 31 March 2020: Nil).

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the nine-month period ended 31 December 2020 (year ended 31 March 2020: Nil).

During the period, the leasehold land and buildings of the Group with a rateable value of HK$2,700,000 (year ended 31 March 2020: HK$3,600,000) were provided as accommodation to certain directors of the Company and has been included in basic salaries, allowances and benefits-in-kind disclosed above.

38 EVENT AFTER THE REPORTING PERIOD

The Coronavirus Disease 2019 ("COVID-19") pandemic has spread across Hong Kong and Mainland China in early 2020. Since then, the economic and financial markets have been significantly impacted. A series of precautionary and control measures have been and continued to be implemented in Hong Kong and Mainland China. The Group applies the fair value model and revaluation model to measure its investment property and leasehold land and buildings respectively. Also, the Group assesses the provision for impairment of loan and interest receivables under the expected credit loss model, which is negatively correlated with the value of collaterals provided by customers to the mortgage loans granted. Due to uncertainties of new developments regarding the COVID-19 pandemic, management expects that the fair value may be subject to fluctuation subsequent to 31 December 2020. Management has assessed, and up to the date of this report, concluded that there is no significant impact on the financial performance in terms of its profitability and liquidity position of the Group as at 31 December 2020. The Group will continue to pay close attention to the development of the COVID-19 pandemic and evaluate its impact on the Group's financial position and operation results.

LIST OF MAJOR PROPERTIES

PROPERTIES FOR SALE

Property location	Use	Approximate gross floor area Sq.m.	Group's Attribution interest %
90-124 An Lan Road, Zhongshan,	Commercial and car park	**15,152**	100
Guangdong Province	Residential	**6,757**	100

FIVE YEAR FINANCIAL SUMMARY

The following tables summarize certain consolidated financial information in respect of the Group's results, assets and liabilities for the last five financial years, as extracted from the audited financial statements.

CONSOLIDATED RESULTS

	Nine months ended 31 December 2020 HK$'000	Year ended 31 March 2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Revenue	**24,963**	14,869	30,594	34,089	39,496
Profit/(loss) before taxation	**46,543**	(24,622)	(11,508)	91,908	(130,455)
Taxation	**(584)**	(2,361)	(8,372)	(8,715)	(1,932)
Profit/(loss) for the period/year attributable to owners of the Company	**45,959**	(26,983)	(19,880)	83,193	(132,387)

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 December 2020 HK$'000	As at 31 March 2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Non-current assets					
Property, plant and equipment	**399,241**	392,820	409,278	409,114	366,592
Investment properties	**183,300**	180,000	187,000	187,000	162,300
Intangible assets	**14,208**	–	–	–	–
Deferred income tax assets	**1,446**	2,716	2,600	2,716	–
Loan receivables	**348,836**	91,957	22,892	–	–
Investment in an associate	**–**	–	–	–	115,047
Pledged bank deposit	**2,000**	2,000	2,000	2,000	2,000
Current assets	**419,898**	264,194	346,714	378,369	362,725
TOTAL ASSETS	**1,368,929**	933,687	970,484	979,199	1,008,664
CURRENT LIABILITIES	**(41,939)**	(24,886)	(25,920)	(21,554)	(16,825)
NON-CURRENT LIABILITIES	**(166,569)**	(441)	(238)	(238)	(237)
NET ASSETS	**1,160,421**	908,360	944,326	957,407	991,602
Equity attributable to equity holders of the Company	**1,160,421**	908,360	943,909	956,990	991,185
Non-controlling interests	**–**	–	417	417	417
TOTAL EQUITY	**1,160,421**	908,360	944,326	957,407	991,602

PER SHARE DATA

	Nine months ended 31 December 2020 HK$'000	Year ended 31 March 2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Basic earnings/(loss) per share	**2.17**	(1.38)	(1.02)	4.25	(6.76)
Dividends per share					
Interim dividend (note 1)	**–**	–	–	8.71	–
Final dividend	**–**	–	–	–	–
Net asset value per share	**43.50**	46.40	48.24	48.91	50.65

Note 1: The Company distributed a special interim dividend of 524,648,320 shares of Petro-king with a fair value of approximately HK$170,511,000 to its shareholders for the year ended 31 March 2018.