敏捷控股
NIMBLE HOLDINGS

NIMBLE HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock code: 186)

Annual Report
2020/21

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Tan Bingzhao
Mr. Deng Xiangping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lin Jinying
Dr. Lu Zhenghua
Dr. Ye Hengqing

AUDIT COMMITTEE

Dr. Lu Zhenghua *(Chairman)*
Dr. Lin Jinying
Dr. Ye Hengqing

REMUNERATION COMMITTEE

Dr. Lin Jinying *(Chairman)*
Dr. Lu Zhenghua
Dr. Ye Hengqing

NOMINATION COMMITTEE

Mr. Tan Bingzhao *(Chairman)*
Dr. Lin Jinying
Dr. Ye Hengqing

COMPANY SECRETARY

Mr. Hui Yick Lok, Francis

ASSISTANT COMPANY SECRETARY

Ms. Linda Longworth
International Managers Bermuda Ltd.

LEGAL ADVISORS

Stephenson Harwood
Johnnie Yam, Jackie Lee & Co.

AUDITOR

Moore Stephens CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

REGISTERED OFFICE

Wessex House, 5th Floor
45 Reid Street
Hamilton HM 12, Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat C01, 32/F, TML Tower
3 Hoi Shing Road, Tsuen Wan
New Territories
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

186

COMPANY'S WEBSITE

www.nimbleholding.com

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present the annual report of Nimble Holdings Company Limited (the "Company") and its subsidiaries (together as the "Group") for the year ended 31 March 2021 (the "Year").

MARKET AND POLICY

Throughout the international environment in 2020, the abrupt COVID-19 pandemic raged around the world, and the lockdown measures of various countries have brought unprecedented impact to the global economy and social development, leading to a sharp slowdown and severe recession in the global economy. Faced with such unprecedented challenges, the Group was also affected to varying degrees. Nevertheless, the Group actively commenced bidding for lands launched by various governmental bodies in different provinces of People's Republic of China (the "PRC") during the Year, vigorously focused on the foundation work of the property development business, increased land reserves, achieved the advantages of regional layout and made the property development business become the main core business of the Group.

FINANCIAL PERFORMANCE

The Group's revenue was HK$200 million for the Year, representing an increase of approximately HK$18 million or approximately 9.9% as compared to the revenue of HK$182 million for the year ended 31 March 2020 (the "Corresponding Year"). Compared to the Corresponding Year, the increase in revenue was mainly due to an increase in Emerson's revenue from the distribution of houseware products and audio products business of approximately HK$8 million or approximately 16.7% and an increase in revenue from the PRC's household appliances, wires and cables trading business of approximately HK$19 million or approximately 15.4%, partially offset by a decrease in revenue from the PRC's information technology ("IT") services business of approximately HK$9 million. In addition to the impact of the increase or decrease in revenues from the above-mentioned businesses on the revenue for the Year, the Group has completed the disposal of the licensing operations business after the end of the Year, so when calculating the revenue, the revenue from the licensing operations business has been included in the discontinued operations. Therefore, revenue from licensing operations business for the Year and the Corresponding Year of HK$44 million and HK$58 million respectively are not included in the total revenue of the Group for these two years. After taking into account the results of discontinued operations, the Group recorded a loss attributable to shareholders of HK$86 million for the Year, representing a decrease of HK$1 million from the loss attributable to shareholders of HK$87 million for the Corresponding Year, which change is insignificant.

PRC's PROPERTY DEVELOPMENT BUSINESS

The Group persistently upholds prudent attitude and is cautious and proactive in replenishing land reserves. During the Year, through participating in land auctions conducted by various governmental bodies in different cities in the PRC, the Group obtained a total of seven parcels of land nationwide, which were evenly situated in cities such as Gongyi, Yangjiang, Ningbo, Nanning, Shantou, and Yongzhou. The total attributable consideration for the land acquisition is approximately RMB3.86 billion. The acquired lands cover a total area of approximately 347,986.15 sq.m., which is estimated to provide an attributable gross floor area ("GFA") of approximately 1,154,200 sq.m. and an attributable saleable area of approximately 870,800 sq.m. in aggregate in six cities in the PRC. In addition, in order to allow the Group to reserve more resources for land acquisition and property development activities, during the Year, the Group, through a wholly-owned subsidiary, entered into a cooperation agreement with Guangxi Huayu Ye Rui Enterprise Management Company Limited# ("Guangxi Huayu", 廣西華宇業瑞企業管理有限公司), pursuant to which it was agreed to subscribe for the registered capital of Nanning Ruihua Real Estate Development Company Limited# ("Nanning Ruihua", 南寧市瑞華房地產開發有限公司) through capital increase, and provide shareholder's loans on a pro rata basis to Nanning Ruihua for financing the land acquired in Nanning and development of the land. These seven parcels of land were not acquired until the second half of the Year, and none of them reached the stage of pre-sale as of 31 March 2021. The project available for pre-sale in the Year is still the project located in Ningxiang City, Changsha, which achieved a total contracted sales amount of approximately RMB287 million, a total contracted sales area of approximately 59,700 sq.m. and an average selling price of approximately RMB4,800 per sq.m. for the Group during the Year. Looking forward to the future, the Group will continue to invest more resources in the scale of land reserves to achieve growth in land reserves, and seek various forms of cooperation opportunities with external parties, integrate resources with each other, complement each other's advantages, and realise the value of partners, making this business the main growth driver of the Group.

PRC'S HOUSEHOLD APPLIANCES BUSINESS/EMERSON'S DISTRIBUTION OF HOUSEWARE PRODUCTS AND AUDIO PRODUCTS BUSINESS/PRC'S IT BUSINESS

During the Year, due to the spread of COVID-19 pandemic, the PRC's household appliances business was also affected to a certain extent. However, with the team's continuous efforts to solicit new customers in the market, the business also grew during the Year. In the coming year, the management will continue to adopt the same strategy to increase overall revenue. The Emerson's distribution of houseware products and audio products business benefited from the pandemic during the Year. As many retailers were forced to close down either temporarily or permanently, or needed to curtail their operating hours during the pandemic, Emerson's core customers experienced less competition from the same industry during the Year and had increased their sales of Emerson brand products. In the coming year, Emerson will continue to take active measures to reduce and control operating costs to cope with the unfavourable business environment that the pandemic may bring. During the Year, the PRC's IT business was hardest hit by the pandemic, and did not generate any revenue throughout the Year. If the business situation still fails to improve in the coming year, the management will consider terminating the operation of this business.

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LICENSING OPERATIONS BUSINESS

During the Year, the Group proactively reacted to the unfavourable situation in its industry. However, against the backdrop of the inherently severe market challenges and the continuation of the COVID-19 pandemic, the licensing operations business of the Group has been adversely affected. In view of this, the Group decided to terminate the licensing operations business by disposing of the entire issued share capital of Unijoy Limited, so that the Group can optimise its asset structure and focus its financial resources and management resources on the development of other businesses, especially the PRC's property development business with higher growth potential. At the time of the issue of this annual report, the disposal of the licensing operations business was completed and officially divested from the principal business activities of the Group.

FUTURE OUTLOOK

Looking ahead, the degree of recovery and rebound of the global economy will still be subject to the development trend of the COVID-19 pandemic and the effectiveness of COVID-19 vaccines, which will also affect tourism and business activities between countries, and bring uncertainty to the global economic and political environment. As mentioned above, the Group will continue to develop new customers for the PRC's household appliances business, and stabilise Emerson's distribution of houseware products and audio business control the cost of the business, and strive to create better returns for the Group. On the other hand, the Group will continue to strengthen the development of property development business in the PRC in the coming year. In addition to continuing to participate in land auctions in different parts in the PRC to increase land reserves, the Group will also launch properties under development to increase contracted sales so that the Group's funds can flow smoothly. It is expected that when the properties under the Ningxiang project are delivered next year, the funds from the previous pre-sale can be recognised as revenue, which will increase the revenue points of the Group and create greater value for shareholders of the Company (the "Shareholders").

ACKNOWLEDGEMENTS

Lastly, I would like to express my sincere gratitude to the board (the "Board") of directors (the "Director(s)") of the Company, the management and all staff of the Group for their contribution and dedication over the last year with the aim of maximising the return for the Company and the Shareholders. I would also like to take this opportunity to thank our Shareholders, customers and business partners for their unwavering support.

Tan Bingzhao
Chairman

29 June 2021

BUSINESS REVIEW

The Group recorded a revenue of HK$200 million for the Year as compared to HK$182 million for the Corresponding Year, representing an increase of approximately 9.9%. The increase in revenue was mainly due to the higher revenue income generated from Emerson's operations business and the trading of household appliances, wires and cables in the PRC during the Year. This was partially offset by the decrease in revenue income generated by the PRC's IT business. In fact, as the disposal of the licensing business was completed on 15 June 2021, the Group has re-classified the operation of the licensing business as a discontinued operation in the consolidated income statement for the Year, which also affected the total revenue for the Year. According to this re-classification, revenue generated from the licensing business for the Year amounting to HK$44 million was not included in the total revenue of the Group. Likewise, the revenue generated from the licensing business for the Corresponding Year of HK$58 million was also not included in the total revenue. Having taken into account the result of the discontinued operation, the Group recorded an audited loss attributable to the Shareholders of HK$86 million for the Year, which was lower than the audited loss of HK$87 million attributable to the Shareholders for the Corresponding Year.

As at the date of this annual report, the current and continuing principal business activities of the Group include Emerson's operations business, the PRC's household appliances business, PRC's IT services business and property development in the PRC. As mentioned above, on 7 April 2021, the Company, Grande N.A.K.S. Ltd and Unijoy Limited, both wholly owned subsidiaries of the Company, entered into a sale and purchase agreement with Sino Capital Resources Limited (the "Purchaser"), a company wholly owned by a director of Grande N.A.K.S. Ltd, under which Grande N.A.K.S. Ltd, as vendor, agreed to sell to the Purchaser, the entire issued share capital of Unijoy Limited (the "Disposal"). On 15 June 2021, the Disposal was completed, and therefore the management has classified the licensing business as a discontinued operation in the consolidated results for the Year.

Emerson operations business

Emerson, a 72.4% owned subsidiary, whose shares are listed on the NYSE American in the United States of America ("USA"), generated revenue from the distribution of houseware products and audio products of HK$56 million for the Year as compared to HK$48 million for the Corresponding Year, representing approximately an increase of 16.7%. The increase in revenue was mainly due to Emerson's core customers who benefitted from reduced competition during the Year, as many retailers were forced to close, either temporarily or permanently, or otherwise operated with reduced hours and restrictions on foot traffic and maximum capacities under COVID-19 restrictions. During the Year, Emerson continued to take active steps to streamline its operations and reduce and control its operating costs. The operating loss of Emerson for the Year was therefore reduced to HK$33 million as compared to HK$36 million for the Corresponding Year.

Licensing revenue generated by Emerson for the Year was approximately HK$2 million, which is approximately the same as the Corresponding Year.

PRC's household appliances business

Although the spread of COVID-19 pandemic has affected the overall economic environment adversely in the PRC, trading of household appliances, wires and cables in the PRC recorded a revenue of HK$142 million, as compared to HK$123 million for the Corresponding Year, representing approximately an increase of 15.4%. The increase in revenue was mainly due to two factors. Firstly, the price of copper increased during the Year as compared to the Corresponding Year, and that increased the sale prices of wires and cables, in effect, it increased the revenue from sales of wires and cables. Secondly, despite the fact that the COVID-19 pandemic has adversely affected most businesses during the Year, our PRC's household appliances business team doubled its efforts to solicit new customers, and the revenue thereby increased from the selling of wires and cables to those new customers. Moreover, the PRC's household appliances business team had implemented tighter cost controls, such that the operating profit of this operation for the Year was increased to HK$14 million as compared to HK$11 million for the Corresponding Year.

PRC's IT business

The PRC's IT business recorded no income during the Year, whereas the revenue for the Corresponding Year was HK$9 million. This loss in income was due to the ongoing COVID-19 pandemic as most companies have had to reduce their budget for non-profit generating units.

PRC's property development business

Since the completion of the capital contribution in the sum of RMB10,408,200 in cash to the registered capital of Changsha Ningxiang Minjun Real Estate Development Co., Ltd.# (“Ningxiang Minjun”, 長沙市寧鄉敏駿房地產開發有限公司) (the “Investment”) in late November 2019, the Group entered into property development in the PRC. As the Group's principal businesses include property development, the Company is regarded as a qualified issuer in accordance with the Rule 14.04(10B) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”). Since then, the Group has commenced to participate in land auctions, carried out by various governmental bodies in different cities of the PRC, to bid for land reserves.

Ningxiang, Hunan

Ningxiang Minjun owns the land use rights of a piece of land for residential use with a site area of approximately 49,502.99 sq.m. situated at the west of Ningxiang Avenue, north of Tongjie Road, Jingkai District, Ningxiang City, Hunan Province, the PRC (中國湖南省寧鄉市經開區寧鄉大道西側及桐界路北側) (“Property I”). After completion of the Investment, the Group holds 51% equity interests in Property I. As at the date of this annual report, Property I is under development and pre-sale processes. According to the building plan of Property I, the approximate attributable GFA is 98,100 sq.m. and its approximate attributable saleable area is 68,200 sq.m.

As at 31 March 2021, the Group achieved a total contracted sales amount of approximately RMB287,000,000, with a total contracted sales area of approximately 59,700 sq.m. from Property I. The average selling price is approximately RMB4,800 per sq.m. It is expected that the delivery of the units of Property I will take place in 2022.

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Gongyi I, Henan

On 2 September 2020, the Group, through an indirect wholly-owned subsidiary of the Company, successfully won the bidding in respect of the land use rights of a residential development site ("Property II") at the bidding price of RMB264.3 million (equivalent to approximately HK$296.7 million). Property II is situated at the east of Qing Long Shan Road, the south of Zhong Yuan Xi Road of Gongyi City, Henan Province, the PRC (中國河南省鞏義市青龍山路東、中原西路南), with a site area of approximately 36,575.74 sq.m. The Group holds 100% equity interests in Property II. As at 31 March 2021, Property II was under development and pre-sale processes have not yet commenced. According to the building plan of Property II, the approximate attributable GFA is 96,900 sq.m. and its approximate attributable saleable area is 71,500 sq.m.

Details of the acquisition of Property II are set out in the circular of the Company dated 18 November 2020.

Gongyi II, Henan

On 24 September 2020, the Group, through an indirect wholly-owned subsidiary of the Company, successfully won the bidding in respect of the land use rights of a residential development site ("Property III") at the bidding price of RMB191.5 million (equivalent to approximately HK$215.5 million). Property III is situated at the east of Qing Long Shan Road and the south of Ren He Road, Gongyi City, Henan Province, the PRC (中國河南省鞏義市青龍山路東、人和路南), with a site area of approximately 35,702.18 sq.m. The Group holds 100% equity interests in Property III. As at 31 March 2021, Property III was under development and pre-sale processes have not yet commenced. According to the building plan of Property III, the approximate attributable GFA is 91,300 sq.m. and its approximate attributable saleable area is 69,900 sq.m.

Details of the acquisition of Property III are set out in the announcement of the Company dated 24 September 2020.

Yangjiang, Guangdong

On 29 September 2020, the Group, through an indirect wholly-owned subsidiary of the Company, successfully won the bidding in respect of the land use rights of a residential development site ("Property IV") at the bidding price of RMB198.69 million (equivalent to approximately HK$223.53 million). Property IV is situated at the south of Guangya Road and the west of Guiba Road of Yangdong District, Yangjiang City, Guangdong Province, the PRC (中國廣東省陽江市陽東區廣雅路南邊及規八路西邊), with a site area of approximately 62,089.4 sq.m. The Group holds 100% equity interests in Property IV. As at 31 March 2021, Property IV was under development and pre-sale processes have not yet commenced. According to the building plan of Property IV, the approximate attributable GFA is 198,900 sq.m. and its approximate attributable saleable area is 153,800 sq.m.

Details of the acquisition of Property IV are set out in the circular of the Company dated 18 November 2020.

Ningbo, Zhejiang

On 14 October 2020, the Group, through an indirect wholly-owned subsidiary of the Company, successfully won the bidding in respect of the land use rights of a residential development site ("Property V") at the bidding price of RMB956.12 million (equivalent to approximately HK$1,086.16 million). Property V is situated at the Ci Cheng New District, Jiangbei District, Ningbo City, Zhejiang Province, the PRC with the boundaries of the land marked by Hui Tong Road at its east; Jinxiu west street at its south, Ci Pu Road at its west and a planned green space at its north (中國浙江省寧波市江北區慈城新區東至惠通路、南至錦繡西街、西至慈浦路、北至規劃綠地), with a site area of approximately 41,881 sq.m. The Group holds 100% equity interests in Property V. As at 31 March 2021, Property V was under development and pre-sale processes have not yet commenced. According to the building plan of Property V, the approximate attributable GFA is 100,200 sq.m. and its approximate attributable saleable area is 67,600 sq.m.

Details of the acquisition of Property V are set out in the circular of the Company dated 18 November 2020.

Nanning, Guangxi

On 13 November 2020, the Group, through an indirect wholly-owned subsidiary of the Company, successfully won the bidding in respect of the land use rights of a residential development site ("Property VI") at the bidding price of RMB859.77 million (equivalent to approximately HK$997.33 million). Property VI is situated at the north side of Wu Xiang Da Road at Liangqing District, Nanning City, Guangxi Province, the PRC (中國廣西省南寧市良慶區五象大道北側), with a site area of approximately 40,941.25 sq.m. As at 11 December 2020, the Group, through its indirect wholly-owned subsidiary of the Company, entered into a cooperation agreement with Guangxi Huayu and Nanning Ruihua for a joint venture arrangement in respect of the acquisition and development of Property VI (the "Cooperation Agreement"). Upon completion of the capital increase arrangement under the Cooperation Agreement, the Group holds 51% equity interests in Property VI. As at 31 March 2021, Property VI was under development and pre-sale processes have not yet commenced. According to the building plan of Property VI, the approximate attributable GFA is 117,400 sq.m. and its approximate attributable saleable area is 79,900 sq.m.

Details of the acquisition of Property VI are set out in the circular of the Company dated 25 January 2021, and more information on the Cooperation Agreement is set out in the part headed "Material Acquisition and Disposal of Subsidiaries and Affiliated Companies" of this annual report.

Shantou, Guangdong

On 13 November 2020, the Group, through an indirect wholly-owned subsidiary of the Company, successfully won the bidding in respect of the land use rights of a residential development site ("Property VII") at the bidding price of RMB1,397 million (equivalent to approximately HK$1,620.52 million). Property VII is situated at the Huang Cuo Wei Sub-district, Zhu Gang New Town, Shantou City, Guangdong Province, the PRC (中國廣東省汕頭市珠港新城黃厝圍片區), with a site area of approximately 69,660.6 sq.m. The Group holds 100% equity interests in Property VII. As at 31 March 2021, Property VII was under development and pre-sale processes have not yet commenced. According to the building plan of Property VII, the approximate attributable GFA is 318,000 sq.m. and its approximate attributable saleable area is 244,200 sq.m.

Details of the acquisition of Property VII are set out in the circular of the Company dated 25 January 2021.

Yongzhou, Hunan

On 27 November 2020, the Group, through an indirect wholly-owned subsidiary of the Company, successfully won the bidding in respect of the land use rights of a residential development site ("Property VIII") at the bidding price of RMB411.80 million (equivalent to approximately HK$480.16 million). Property VIII is situated at the north-west juncture of Li Zi Yuan Road and Ma Lu Jie Road at Leng Shui Tan District, Yongzhou City, Hunan Province, the PRC (中國湖南省永州市冷水灘區梨子園路與馬路街路交匯處西北角), with a site area of approximately 61,135.98 sq.m. The Group holds 100% equity interests in Property VIII. As at 31 March 2021, Property VIII was under development and pre-sale processes have not yet commenced. According to the building plan of Property VIII, the approximate attributable GFA is 231,500 sq.m. and its approximate attributable saleable area is 183,900 sq.m.

Details of the acquisition of Property VIII are set out in the circular of the Company dated 25 January 2021.

Total Land Reserves

Since the Investment completed in late November 2019, having successfully acquired the first parcel of land in Ningxiang, Hunan Province, the Group acquired land use rights of a further seven parcels of land in five different provinces in the PRC during the Year. The accumulated total land reserves of the Group add up to 397,489.14 sq.m., and the total attributable acquisition cost the Group incurred was approximately RMB3,868.3 million. The Group expects that these eight parcels of land, upon completion of development, will provide a total of approximate attributable GFA of 1,252,300 sq.m. and approximate attributable saleable area of 939,000 sq.m. to the Group.

Licensing operations business

As mentioned above, the Disposal was completed on 15 June 2021. The target company of the Disposal, Unijoy Limited and its subsidiaries (collectively referred to as the "Unijoy Group") own three consumer electronic brands, Akai, Sansui and Nakamichi, and are principally engaged in the licensing of brands and trademarks through the licensing of these brands to independent third parties. Details of the Disposal are set out in the circular of the Company dated 21 May 2021. As the Disposal was completed before the date of this annual report, the management has separated the results of the licensing business as the discontinued operation.

During the Year, revenue generated from the licensing operations was HK$44 million as compared to HK$58 million for the Corresponding Year. The operating profit of this discontinued operation for the Year was HK$24 million as compared to HK$39 million for the Corresponding Year. The decrease in operating profit was mainly due to the ongoing COVID-19 pandemic, which directly affected the licensing business resulting in a decrease in revenue.

BUSINESS PROSPECTS

During the Year, the Group experienced changes in its core businesses. The expansion in property development in the PRC was significant during the Year. The Group commenced to participate in land auctions since the summer of 2020 and has successfully bidded for seven parcels of land during the Year, which increased the land reserve of the Group to eight parcels of land. The Group has also expanded its holding of lands from one province to five provinces in the PRC. The site area of land reserve has increased from 49,502.99 sq.m. as at 31 March 2020 to 397,489.14 sq.m. as at the date of this annual report, representing an 8-fold increase. The management is confident that, with their well-versed experience in property development in the PRC, these eight parcels of land will bring favourable income to the Group over the next few years. Moreover, the Group will continue to participate in land auctions held by municipal governments in the PRC, in order to obtain land reserves with great development potential as the management considers. Continued bidding in land auctions will not only increase the land reserves of the Group, but also expand our foothold in different cities in the PRC. Furthermore, by successfully biding lands that are in close proximity to existing land reserves, the Group is expected to benefit from synergy effect which might reduce the costs of the Group as a whole.

On 15 June 2021, disposal of the Group's licensing business completed. Due to the ongoing COVID-19 pandemic, the licensing business has been adversely affected, resulting in a decrease in revenue generated during the Year, when compared to the Corresponding Year. Furthermore, as mentioned above, the Group has established a foothold in the PRC's property development business since November 2019 and intends to intensify efforts to strengthen its business sector by increasing its land bank, both in terms of quality and quantity with the aim of developing the PRC's property development as one of its major businesses. Accordingly, it was considered that the Disposal would enable the Group to reallocate its financial and other resources to other Group businesses, in particular the PRC's property development, which the management considers to have higher development potential, and thereby generate more return to the Shareholders.

Regarding the operation of Emerson, in light of the adverse effects of the COVID-19 pandemic on macroeconomic conditions domestically in the USA and internationally, along with the uncertainty associated with a potential recovery, management of Emerson has implemented certain cost-reduction actions intended to reduce expenditure. However, as the environment remains highly uncertain and demand for Emerson's products remains difficult to assess due to many factors including the pace of economic recovery, the status of various government stimulus programs, competitive intensity and retailer actions, management of Emerson is unable at this time to predict the full impact of the COVID-19 pandemic on its operations and financial results.

Even though the spread of COVID-19 pandemic became severe again in Guangzhou and some cities in the PRC starting from the second quarter of 2021, management of our PRC's household appliances business still have confidence in maintaining the scale of this operation in the coming year. The sales team will continue to solicit new customers in order to increase the revenue of this operation. On the other hand, management will continue to impose various cost control measures in order to reduce the operating cost of this operation.

Regarding the PRC's IT business, since the COVID-19 pandemic has spread again in Guangzhou and certain cities of the PRC in the second quarter of 2021, the management does not expect the PRC's IT business to generate any further revenue to the Group in the near future. In this respect, the management might consider to close down the operation of the PRC's IT business next year.

Having completed the consolidation work on the core businesses of the Group, the Group will focus its resources on the remaining core businesses, especially in PRC's property development. With better use of resources on proven operations, the Directors hope that the Group can produce a better return to the Shareholders in the coming years.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the Group had net current assets of HK$2,894 million as compared to HK$642 million as at 31 March 2020. As at 31 March 2021, the Group had a current ratio of approximately 1.82 (5.49 as at 31 March 2020). The increase in net current assets but decrease in current ratio were mainly attributable to the increase in properties under development but was partially offset by the increase in amounts payable and amount due to a related party during the Year.

As at 31 March 2021, the Group had HK$430 million cash and bank balances (HK$447 million as at 31 March 2020). The Group's working capital requirements were mainly financed by internal resources.

The Group had inventories of HK$18 million as at 31 March 2021 (HK$15 million as at 31 March 2020).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 11 December 2020, the Company via Guangzhou Ruihua Property Development Company Limited# ("Guangzhou Ruihua" 廣州市瑞華物業發展有限公司, an indirect wholly-owned subsidiary of the Company) entered into the Cooperation Agreement with Guangxi Huayu and Nanning Ruihua, pursuant to which Guangzhou Ruihua and Guangxi Huayu agreed to make respective capital contributions to the registered capital of and provide shareholder's loans on a pro rata basis to Nanning Ruihua for financing the land acquired in Nanning and for the development of the land. Upon completion of the capital contributions, Nanning Ruihua is held as to 51% by Guangzhou Ruihua and 49% by Guangxi Huayu. For details, please refer to the circular of the Company dated 25 January 2021.

Except for the above, the Group had no other material acquisition or disposal of subsidiaries for the Year.

SIGNIFICANT INVESTMENT

Other than the lands acquired through public auctions as disclosed above, the Group did not enter into any new significant investment during the Year.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group does not have any concrete plan for material investments or capital assets acquisitions for the coming 12 months.

GEARING

As at 31 March 2021, the Group's gearing ratio, expressed as net borrowings over total equity, was approximately 3.93 time (as at 31 March 2020: Nil).

CHARGES ON GROUP ASSETS

As at 31 March 2021, no assets were pledged to secure other borrowing facilities for the Group (as at 31 March 2020: Nil).

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TREASURY POLICIES

The Group's revenues are mainly in US dollars and Renminbi ("RMB"). Since Hong Kong dollars is linked with US dollars, the Group is not exposed to significant currency risks in transactions settled in US dollars. However, for transactions settled in RMB, the Group will be exposed to foreign currency risks. The Group offsets the corresponding risks mainly through natural hedging and has not participated in any speculative trading of derivative financial instruments, but will carefully consider whether to conduct currency swaps at an appropriate time to hedge against corresponding risks. The Group will closely monitor and manage its foreign currency exposure and to make use of appropriate measures when required.

EMPLOYEES AND REMUNERATION

The numbers of employees of the Group as at 31 March 2021 and 31 March 2020 were 146 and 84 respectively. The Group remunerates its employees mainly based on industry practice, individual performance and experience. Apart from the basic remuneration, a discretionary bonus may be granted to eligible employees by reference to the Group's performance as well as to an individual's performance in the relevant financial year. Other benefits include medical and retirement schemes.

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in Note 34 to the consolidated financial statements.

CAPITAL COMMITMENTS

As at 31 March 2021, the Group had contracted, but had not provided for, capital expenditure commitments of HK$1,351 million (as at 31 March 2020: HK$499 million) in respect of properties under development.

EXECUTIVE DIRECTORS

Mr. Tan Bingzhao

Mr. Tan Bingzhao ("Mr. Tan"), aged 57, has been appointed as an executive Director, the chairman of the Board and the chief executive officer of the Company with effect from 2 December 2017. Mr. Tan is also the chairman of the Nomination Committee of the Company. He serves as a director of certain subsidiaries of the Company since January 2018. He is currently the honourary chairman and was the president of Guangzhou Nimble Investment Limited# ("Guangzhou Nimble", 廣州市敏捷投資有限公司) from 2004 to 2014. Guangzhou Nimble is a company established in the PRC in 2004 and principally engaged in property development and investment holding. Mr. Tan possesses extensive experience in property development and investment in the PRC as well as corporate management. Mr. Tan graduated from Guangdong Open University (previously known as "Guangdong Radio and TV University"#) in 1987, specialising in industrial building and civil construction.

Mr. Deng Xiangping

Mr. Deng Xiangping ("Mr. Deng"), aged 57, has been appointed as an executive Director with effect from 2 December 2017. He serves as a director of certain subsidiaries of the Company since January 2018. He was the assistant to the president of Guangzhou Nimble. He possesses extensive experience in real estate development and construction industries. Mr. Deng graduated from Guangzhou Institute of Technology (previously known as "Guangzhou Workers Amateur University"#) in 1989, specialising in economic management. Mr. Deng completed the executive program organised by Sun Yat-sen University in 2006.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lin Jinying

Dr. Lin Jinying ("Dr. Lin"), aged 58, has been appointed as an independent non-executive Director with effect from 2 December 2017. She is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee of the Company. She is currently an associate professor of Guangzhou Nanyang College. Dr. Lin obtained her bachelor's degree in chemistry from South China Normal University in 1984 and her postgraduate diploma in food engineering in Jiangnan University (previously known as "Wuxi Institute of Light Industry"#) in 1987. She received her doctorate degree in food engineering from South China University of Technology in 2010.

For identification purposes only

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Dr. Lu Zhenghua

Dr. Lu Zhenghua ("Dr. Lu"), aged 58, has been appointed as an independent non-executive Director with effect from 2 December 2017. She is also the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. She is currently an associate professor of School of Business Administration of South China University of Technology ("SCUT"), engaging in educational work in accounting and finance. Dr. Lu obtained a bachelor's degree in accounting from Jiangxi University of Finance and Economics in 1986 and a master's degree in economics from Jinan University in 1998. She received a doctorate degree in business administration from Macau University of Science and Technology in 2008. Dr. Lu is currently a non-practising member of the Chinese Institute of Certified Public Accountants.

Dr. Lu is currently an independent non-executive director of Guangdong Yueyun Transportation Company Limited# (廣東粵運交通股份有限公司), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 3399). She is also an independent director of Guangzhou Hi-target Navigation Tech Co., Ltd. (廣州中海達衛星導航技術股份有限公司), a company listed on ChiNext of Shenzhen Stock Exchange (stock code: 300177) and Super-Dragon Engineering Plastic Co., Ltd. (廣州市聚賽龍工程塑料股份有限公司), a company listed on the National Equity Exchange and Quotations System of the PRC (the "New Third Board") (stock codes:839141). Dr. Lu was a director of Guangdong Dazhi Environmental Protection Technology Co., Ltd. (廣東達志環保科技股份有限公司), a company listed on ChiNext of Shenzhen Stock Exchange (stock code: 300530), until August 2017. She was also an independent director of Guangdong Lilac Industrial Co., Ltd. (廣東紫丁香實業股份有限公司) and Guangdong Guangxin Information Industry Co., Ltd. (廣東廣新信息產業股份有限公司), both companies listed on the New Third Board (stock code: 835362 and 831813 respectively), until May 2018 and May 2020 respectively.

Dr. Ye Hengqing

Dr. Ye Hengqing ("Dr. Ye"), aged 49, has been appointed as an independent non-executive Director with effect from 2 December 2017. He is also a member of each of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He is currently an associate professor of Department of Logistics and Maritime studies in the Faculty of Business of The Hong Kong Polytechnic University. Prior to joining The Hong Kong Polytechnic University, Dr. Ye taught at the NUS Business School of National University of Singapore. Dr. Ye obtained a bachelor's degree and master's degree in applied mathematics from SCUT in 1993 and 1996 respectively. He received his doctorate degree in industrial engineering and engineering management from the Hong Kong University of Science and Technology in 2000.

For identification purposes only

REPORT OF THE DIRECTORS

The Directors of the Company are pleased to present the report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding and the principal activities of the major subsidiaries are set out in Note 38 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the Year, an indication of likely future development in the Group's business, and a discussion on the Company's environmental policies and performance, can be found in the "Chairman's Statement" section on pages 3 to 5, the "Management's Discussion and Analysis" section on pages 6 to 13, the "Corporate Governance Report" section on pages 25 to 38, the "Environmental, Social and Governance Report" section on pages 39 to 53 and Note 6 to the consolidated financial statements on pages 96 to 104 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company was incorporated in the Cayman Islands and continued in Bermuda as an exempted company with limited liability whose shares are listed on the Stock Exchange. The Group has compliance procedures in place to ensure adherence to applicable laws and regulations which have a significant impact on the Group. During the Year, so far as the Company is aware, the Group has complied with the relevant laws and regulations which have a significant impact on the Group in all material aspects, including, the Companies Act 1981 of Bermuda, the Hong Kong Companies Ordinance and the Listing Rules.

SEGMENT INFORMATION

Details of revenue and segmented information are set out in Notes 8 and 37 to the consolidated financial statements respectively.

GROUP LOSS

The Group's loss for the Year and the state of the Company's and the Group's financial affairs at that date are set out in the consolidated financial statements on pages 59 to 145 of this annual report.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the Year (Corresponding Year: Nil). No interim dividend was declared for the Year.

DONATIONS

The Group did not make any charitable donations during the Year (Corresponding Year: HK$1 million).

EQUITY LINKED AGREEMENTS

No equity linked agreements were entered into by the Group during the Year and the Corresponding Year, or subsisted as at 31 March 2021 or as at 31 March 2020.

BANK AND OTHER BORROWINGS

Particulars of borrowings of the Group as at the balance sheet date are set out in Note 31 and 32 to the consolidated financial statements.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 146 of this annual report.

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group are set out in Note 16 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in Note 38 to the consolidated financial statements.

SHARE CAPITAL

Details of movement in the share capital of the Company during the Year are set out in Note 33 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2021 and 31 March 2020, the Company did not maintain any reserve available for distribution to shareholders, calculated under the provisions of the Companies Act 1981 of Bermuda.

The Company's share premium account may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's largest customer and five largest customers accounted for approximately 20% and 66%, respectively, of the Group's total revenue for the Year.

Purchases from the Group's largest supplier and five largest suppliers accounted for approximately 25% and 69%, respectively, of the Group's total purchases for the Year.

None of the executive Directors, their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's major customers and suppliers.

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were as follows:

Executive Directors:

Mr. Tan Bingzhao
Mr. Deng Xiangping

Independent Non-Executive Directors:

Dr. Lin Jinying
Dr. Lu Zhenghua
Dr. Ye Hengqing

DIRECTORS (continued)

The Company has received confirmations from the independent non-executive Directors of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considered all the independent non-executive Directors as independent.

In accordance with Bye-law 84(1) of the Company's Bye-laws (the "Bye-laws"), Mr. Deng and Dr. Ye will retire by rotation at forthcoming annual general meeting of the Company (the "AGM") and, being eligible, have offered themselves for re-election at the AGM.

The Nomination Committee of the Company (the "NC"), after reviewing the composition of the Board, the qualifications, skill and experience, time commitment and contributions of the retiring Directors with reference to the Company's board diversity policy and corporate strategy, has recommended to the Board on the re-election of Mr. Deng and Dr. Ye as Directors at the forthcoming AGM. The Board accepted the recommendation from the NC and proposes re-election of Mr. Deng and Dr. Ye as Directors at the forthcoming AGM.

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract with the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

Biographies of the Directors are set out on pages 14 to 15 of this annual report.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in Note 11 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENTS OR CONTRACTS

Save as disclosed on page 23 of this annual report and Note 7 to the consolidated financial statements, no Director or an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party at any time during the Year or as at the date of this report.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Year, Mr. Tan had shareholding interests and/or held directorships in certain companies engaged in property development in the PRC (the "Relevant Companies"). Pursuant to Rule 8.10 of the Listing Rules, as such, he was regarded as being interested in businesses which competed or were likely to compete, either directly or indirectly, with some of the businesses of the Group. As of today, the business activities of the Relevant Companies and the Group are conducted in different geographical areas in the PRC.

Mr. Tan is aware of his fiduciary duties in the Company and understands that he must, in the performance of his duties as Director, avoid actual and potential conflicts of interest and ensure that he acts in the best interests of the Company and the shareholders of the Company as a whole. In addition, any significant business decisions of the Group are to be determined by the Board. Any Director who has a material interest in any matter being resolved shall abstain from voting. In view of the above, the Board considers that the interests of Mr. Tan in the Relevant Companies will neither prejudice his capacity as a Director nor compromise the interests of the Group and the Shareholders. The Board also opines that coupled with the diligence of independent non-executive Directors, the Group is capable of carrying on its businesses independently of, and at arm's length with, the Relevant Companies.

Save as disclosed above, for the Year, none of the Directors was interested in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group.

SERVICE CONTRACT OF DIRECTORS

During the Year, the employment contracts dated 29 June 2018 between the executive Directors and the subsidiaries of the Company and the letters of appointment dated 19 January 2018 between the independent non-executive Directors and the Company, both for a fixed term of three years with effect from the date of their respective dates of being appointed as executive Directors and independent non-executive Directors, expired. Accordingly, the executive Directors and the independent non-executive Directors have signed and renewed their employment contracts and letters of appointment for a term of three years commencing from 2 December 2020.

None of the above-mentioned employment contracts and letters of appointment are determinable within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

During the Year, no contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2021, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

		Number of shares held in the Company				
Name of Director	**Nature of interests**	**Corporate interests**	Note	**Other interests**	Note	**Approximate percentage of total issued share capital**
Mr. Tan	Long position	3,616,712,779	(ii)	439,180,000	(iii)	73.85%

Notes:

(i) As at 31 March 2021, the total number of issued shares of the Company was 5,492,232,889.

(ii) The 3,616,712,779 shares in which Mr. Tan is deemed to hold interests under the SFO are the shares held by Wealth Warrior Global Limited ("Wealth Warrior"), which is wholly owned by Mr. Tan.

(iii) The 439,180,000 shares are owned by Merchant Link Holdings Limited and Rise Vision Global Limited, each of which holds 219,590,000 shares and they are indirectly wholly owned by a discretionary trust. Mr. Tan is a director of both Merchant Link Holdings Limited and Rise Vision Global Limited and is the settlor and a beneficiary of the discretionary trust. In this respect, Mr. Tan is deemed to hold interests of these shares under the SFO.

Save as disclosed above, none of the Directors or chief executive of the Company had, or were deemed to hold, any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 March 2021.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their spouse or children under 18 years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, nor were any such rights exercised by them.

INDEMNITY OF DIRECTORS

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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2021, so far as known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of substantial shareholder	Capacity	Number of issued ordinary shares of HK$0.01 each in the Company held	Approximate percentage of the issued share capital
Wealth Warrior	Beneficial owner	3,616,712,779 (L)	65.85%
Sino Bright Enterprises Co., Ltd. ("Sino Bright")	Beneficial owner and person having a security interest in shares	1,023,463,423 (L) *(Note 1)*	18.63%
LEHD Pte. Ltd. ("LEHD")	Trustee	1,428,769,939 (L) *(Notes 1, 2)*	26.01%
Airwave Capital Limited ("Airwave")	Interest of controlled corporation	405,306,516 (L) *(Note 3)*	7.38%
Barrican Investments Corporation ("Barrican")	Beneficial owner and interest of controlled corporation	405,306,516 (L) *(Notes 2, 4)*	7.38%
Splendid Brilliance (PTC) Limited ("Splendid Brilliance")	Trustee	439,180,000 (L) *(Note 5)*	8.00%
He Guichai	Interest of controlled corporation	439,180,000 (L) *(Note 5)*	8.00%

* The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such shares.

Notes:

(1) Sino Bright, as beneficial owner, owns 23,463,423 shares representing approximately 0.42% of the total issued share capital of the Company. Sino Bright is deemed to be interested in 1,000,000,000 shares pursuant to the legal charge under the share mortgage dated 26 September 2017 in favour of Sino Bright (as mortgagee) granted by Wealth Warrior (as mortgagor) as security for the deferred consideration under the sale and purchase agreement dated 22 September 2017 between Sino Bright (as vendor) and Wealth Warrior (as purchaser).

INTERESTS OF SUBSTANTIAL SHAREHOLDERS (continued)

Notes: (continued)

(2) LEHD is deemed to have interests in 1,428,769,939 shares as the trustee to the discretionary trust which owns the entire issued share capital of The Ho Family Trust Limited ("The Ho Family Trust"). The Ho Family Trust is deemed to be interested in the shares held by Barrican, McVitie Capital Limited ("McVitie") and Sino Bright, which are wholly owned subsidiaries of The Ho Family Trust and directly own 335,260,845 shares, 70,045,671 shares and 1,023,463,423 shares, respectively.

(3) Barrican is a wholly owned subsidiary of Airwave and owns 100% interests in McVitie. Accordingly, Airwave is deemed to be interested in the shares held by Barrican and McVitie.

(4) McVitie is a wholly owned subsidiary of Barrican. Accordingly, Barrican is deemed to be interested in the shares held by McVitie.

(5) Splendid Brilliance, being a party acting in concert with Wealth Warrior, is deemed to have interests in 439,180,000 shares as the trustee to the discretionary trust which indirectly owns the entire issued share capital of Merchant Link Holdings Limited and Rise Vision Global Limited, each of which holds 219,590,000 shares. Mr. Tan is a director of both Merchant Link Holdings Limited and Rise Vision Global Limited and is the settlor and a beneficiary of the discretionary trust. Ms. He Guichai is the sole director and sole shareholder of Splendid Brilliance.

Save as disclosed above, as at 31 March 2021, none of the Directors nor chief executive of the Company was aware of any other person (other than the Directors or chief executive of the Company) or corporation who had an interest or short position in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under section 336 of the SFO.

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

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

PRE-EMPTIVE RIGHTS

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

CONNECTED TRANSACTIONS

During the Year and up to the date of this report, the Group conducted the following transaction which constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

On 7 April 2021, the Company, Grande N.A.K.S. Ltd and Unijoy Limited (both wholly-owned subsidiaries of the Company), and Sino Capital Resources Limited entered into a sale and purchase agreement, pursuant to which, Grande N.A.K.S. Ltd, as the vendor, conditionally agreed to sell and Sino Capital Resources Limited, as the purchaser, conditionally agreed to purchase the entire issued share capital of Unijoy Limited, at a consideration of HK$60,000,000 (the "Disposal").

The consideration is subject to adjustment. After completion, the consolidated net asset value of Unijoy Group as at completion of the Disposal is to be assessed. Should the amount of consolidated net asset value of Unijoy Group as at 31 December 2020 be less than the amount of the consolidated net asset value of Unijoy Group as at completion, the consideration shall be increased by such difference in amounts accordingly. The consideration will not be decreased if the amount of consolidated net asset value of Unijoy Group as at 31 December 2020 is higher than the amount of the consolidated net asset value of Unijoy Group as at completion. The final adjustment is not expected to result in the final consideration to be materially different to the consideration of HK$60,000,000 as mentioned above.

As at the date of the sale and purchase agreement, Mr. Ho Wing On, Christopher ("Mr. Ho") was the sole director of the Grande N.A.K.S. Ltd and the sole beneficial owner of Sino Capital Resources Limited. Accordingly, Sino Capital Resources Limited is a connected person of the Company pursuant to Chapter 14A of the Listing Rules by virtue of being an associate of Mr. Ho, a connected person of the Company and the Disposal and the transaction contemplated thereunder therefore constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Disposal exceeds 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. As such, the Disposal is subject to the reporting, announcement and shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

A special general meeting was convened by the Company on 9 June 2021, at which the Disposal and the transaction contemplated thereunder were duly passed as an ordinary resolution of the Company by the independent Shareholders.

Completion took place on 15 June 2021, after which Unijoy Limited has ceased to be a subsidiary of the Company.

The Company has complied with the disclosure requirements in accordance with Chapter 14A, and details of the Disposal are set out in the announcements of the Company dated 7 April 2021, 16 June 2021 and the circular dated 21 May 2021.

Other related party transactions

During the Year, the Group also had certain related party transactions, details of which are disclosed in Note 7 to the consolidated financial statements. These transactions either did not fall under the definition of connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules, or are connected transaction or continuing connected transactions, but are subject to exemptions under Chapter 14A of the Listing Rules and thus are fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, during the Year and up to the date of this report, the Company had maintained the sufficient public float as required under the Listing Rules.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters, including the review of the Group's audited consolidated financial statements for the Year.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 25 to 38 of this annual report.

EVENTS AFTER BALANCE SHEET DATE

Details of significant events that occurred after balance sheet date are set out in Note 43 to the consolidated financial statements.

INDEPENDENT AUDITOR

The consolidated financial statements for the Year have been audited by Moore Stephens CPA Limited who will retire and, being eligible, offer themselves for re-appointment as auditor at the forthcoming AGM of the Company.

On behalf of the Board

Tan Bingzhao
Chairman

Hong Kong
29 June 2021

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the Year.

CORPORATE GOVERNANCE CODE

The Company's code on corporate governance practices was adopted by reference to the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules.

The Board confirmed that the Company had complied with all principles and code provisions in the Code during the Year, except for the codes provisions of the Code as noted hereunder.

Code Provision A.2.1

Mr. Tan has been acting as the chairman of the Board (the "Chairman") and the Chief Executive Officer ("CEO") of the Company since his appointment as a Director on 2 December 2017, which according to code provision A.2.1, the roles of these two positions should be separate and should not be performed by the same individual.

The Board has considered that the non-segregation would not result in concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. The CEO is responsible for the day-to-day management of the Group's business. Their respective roles and responsibilities are set out in writing and have been approved by the Board. As mentioned above, the roles of the Chairman and the CEO have been performed by Mr. Tan. However, if the Board does find a suitable candidate for the position of CEO, the above roles will be separately discharged by different persons at that time.

Code Provision A6.7

Pursuant to code provision A.6.7, independent non-executive directors generally should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to the outburst of COVID-19 pandemic, the independent non-executive Directors Dr. Lin and Dr. Lu, whose respective residence is in Guangzhou, the PRC, were unable to attend the annual general meeting of the Company held on 28 August 2020.

BOARD COMPOSITION

The key principles of good governance require the Company to have an effective Board which is collectively responsible for its success, setting the Company's values and enhancing the shareholders' value. Non-executive Directors have particular responsibility to oversee the Company's development, scrutinise its management performance, and advise on critical business issues.

The Company has a balanced Board of executive and non-executive Directors so that no individual or small group can dominate its decision-making process. The overall management of the Company's business is vested in the Board and the Directors are collectively responsible for promoting the success of the Company. The Board determines and monitors the Company strategies and policies, annual budgets and business plans, evaluates the performance of the Company, and supervises the management of the Group, while the management is responsible for the day-to-day operations of the Group under the leadership of the Board. During the Year, the management has supplied the Board with adequate information, in a timely manner, to enable it to make informed decisions.

BOARD COMPOSITION (continued)

To help the Board discharge its duties and make decisions on particular aspects of the Company's affairs, Board committees, including Remuneration Committee ("RC"), NC, and Audit Committee ("AC"), have been established under the Company's Bye-laws. The Board has delegated to these Board committees various responsibilities set out in their respective terms of references, which are published on the websites of the Company and the Stock Exchange. Further details about these Board committees are discussed in the later part of this report.

The management has powers and authorities delegated by the Board and exercises such powers and authorities by the Board from time to time. The management assumes full accountability to the Board for the operation of the Group. There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board has given clear directions to the management that certain matters must be reserved to the Board, including the followings:

– Publication of final and interim results of the Company

– Dividend distribution or other distribution

– Major issues of treasury policy, accounting policy and remuneration policy

– Review on risk management and internal control systems

– Corporate governance functions

– Changes to major group structure or board composition requiring notification by announcement

– Notifiable transaction and non-exempted connected transaction/continuing connected transaction

– Capital restructuring

– Financial assistance to the Directors

During the Year and as at the date of this report, the Board has five members composed as follows:

Executive Directors

Mr. Tan Bingzhao
Mr. Deng Xiangping

Independent Non-Executive Directors

Dr. Lin Jinying
Dr. Lu Zhenghua
Dr. Ye Hengqing

The biographical details of the Directors are set out on pages 14 to 15 of this annual report.

BOARD COMPOSITION (continued)

During the Year, the Company was in compliance with the requirement of Rule 3.10 and Rule 3.10A of the Listing Rules, the Company has appointed, at least, three independent non-executive Directors representing more than one-third of the Board, of which one holds professional accounting qualifications. The Company received a confirmation from each of the independent non-executive Directors confirming independence under Rule 3.13 of the Listing Rules. The NC is of the view that all independent non-executive Directors are independent under the requirements of the Listing Rules.

During the Year, Mr. Tan, the Chairman, has led the Board and ensured that the Board worked effectively and that all-important matters were discussed in a timely manner. Mr. Tan also worked as the CEO of the Company and was responsible for the day-to-day management, administration and operations of the Group during the Year. The Board has considered that the non-segregation would not result in concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

Save as disclosed in this annual report, each Director does not have any financial, business, family or other material/relevant relationships with any Directors, senior management or substantial or controlling shareholders of the Company as defined in the Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors is engaged on a service contract and each of the non-executive Directors (including independent non-executive Directors) are appointed for a specific term of three years. The appointment may be terminated by not less than three months' written notice.

In accordance with the Company's Bye-laws, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed by the Board to fill a causal vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment, and any new Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Bye-laws. The NC is responsible for reviewing the board composition, monitoring the appointment/re-appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS

Each newly appointed Director receives a comprehensive induction covering business operations, policies and procedures of the Company as well as the statutory obligations of being a director to ensure that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and other relevant regulatory requirements.

Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company arranges a wide range of professional development courses relating to the Listing Rules, the Hong Kong Companies Ordinance and corporate governance practices organised by professional bodies and institutions for the Directors continuously in order that they can continuously update and further improve their relevant knowledge and skills.

The existing Directors have already attended a comprehensive induction training conducted by our corporate lawyer upon their initial appointment in December 2017. No separate training course was arranged since their appointment up to the end of the Year. However, materials received from the Stock Exchange or corporate lawyer in relation to the duties of directors have been forwarded to the Directors for their information during the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made to all Directors and each of them has confirmed that they have complied with the Model Code during the Year.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees of the Company (other than Directors) who are likely to be in possession of inside information of the Company.

There is no incident of non-compliance with the Employees Written Guidelines by the employees that should be brought to the attention of shareholders.

DIRECTORS AND OFFICERS INSURANCE

The Company has arranged appropriate directors' and officers' liabilities insurance coverage for the Directors and officers of the Group.

BOARD MEETINGS

Board Practices and Conduct of Meetings

The Board meets at least four times a year with at least 14 days' notices and additional meetings with reasonable notices are held as and when the Board considers appropriate. Other than regular meetings, the Chairman meets with the independent non-executive Directors without the presence of executive Directors pursuant to code provision A.2.7, to facilitate an open discussion among the independent non-executive Directors on issues relating to the Group. Agenda and accompanying meeting materials are sent to all Directors at least three days in advance of each regular board meeting. Directors may participate in meetings in person, by phone or by other communication means.

The company secretary records all matters considered by the Directors, decisions reached and any concerns raised at the meetings. Draft and final versions of the minutes are sent to all Directors for their comments and records respectively within a reasonable time. Also, Directors may approve various matters by way of passing written resolutions.

Directors may seek independent professional advice in appropriate circumstances at the Company's expense.

BOARD MEETINGS (continued)

Board Practices and Conduct of Meetings (continued)

Nine meetings of the Board were held during the Year and the attendance records of the members of the Board are set out below:

Name of Directors	Number of meetings attended/eligible to attend
Mr. Tan Bingzhao	5/9
Mr. Deng Xiangping	9/9
Dr. Lin Jinying	9/9
Dr. Lu Zhenghua	9/9
Dr. Ye Hengqing	9/9

Moreover, there was an AGM held during the Year, the attendance records of the members of the Board are set out below:

	Number of meetings attended/eligible to attend
Name of Directors	Annual General Meeting
Mr. Tan Bingzhao	1/1
Mr. Deng Xiangping	1/1
Dr. Lin Jinying	0/1
Dr. Lu Zhenghua	0/1
Dr. Ye Hengqing	1/1

BOARD COMMITTEES

The Board has established three Board committees, namely, the NC, the RC, and the AC. All committees have respective terms of references clearly defining their powers and responsibilities delegated by the Board. All committees should report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so.

Nomination Committee

Currently, the NC is chaired by Mr. Tan and comprises two additional members, namely Dr. Lin and Dr. Ye. All of them were appointed as members of the NC with effect from 2 December 2017. The majority of the NC comprises of independent non-executive Directors.

The NC is responsible for (a) reviewing and monitoring 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; (b) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (c) assessing the independence of independent non-executive Directors annually, bearing in mind the circumstances set out in Rule 3.13 of the Listing Rules; (d) making recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors, in particular the Chairman and CEO; (e) deciding whether a Director is able to and has adequately carried out his duties as a Director of the Company, in particular where the Director concerned has multiple board representations. Where possible, the NC shall formulate internal guidelines that can address the competing time commitments that are faced when Directors serve on multiple boards; and (f) deciding on how the Board's performance may be evaluated and proposing objective performance criteria; (g) to review the diversity of Board members periodically which can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience; and (h) to assist the Board in the development and review of the Board's diversity policy (the "Board Diversity Policy") and directors' nomination policy (the "Nomination Policy"), as appropriate; and review the measurable objectives for the implementation of the Board Diversity Policy and monitor progress towards the achievement of such. Such performance criteria, that allow comparison with its industry peers, should be approved by the Board and address how the Board has enhanced long term shareholders' value.

During the Year, no nomination of Directors was considered by the NC. A NC meeting with the attendance of all NC members were held before the publication of this report to consider the retirement and re-election of Directors and the issues relating to the NC.

BOARD COMMITTEES (continued)

Remuneration Committee

Currently, the RC is chaired by Dr. Lin and comprises two additional members, namely Dr. Lu and Dr. Ye. All of them were appointed as members of the RC with effect from 2 December 2017. All members of the RC are independent non-executive Directors.

The major duties of the RC include (a) assessing, reviewing and making recommendations, once a year or as and when required, to the Board in respect of the remuneration packages and overall benefits for the Directors of the Board and the senior management of the Company; (b) making recommendations to the Board in relation to all consultancy agreements and service contracts, or any variations, renewals or modifications thereof, entered into between the Company and the Directors of the Board or any associate company of any of them; (c) considering what details of the Directors' and senior management's remuneration/benefits should be reported in addition to those required by law in the Company's annual report and accounts and how those details should be presented; (d) making recommendations to the Board on the Company's policy and structure for all Directors' (including non-executive Directors and independent non-executive Directors) and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, and placing recommendations before the Board concerning the total remuneration and/or benefits granted to the Directors from time to time; (e) determining the remuneration packages of individual executive Directors and senior management, or making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights, and compensation payments (including any compensation payable for loss or termination of their office or appointment); (f) making recommendations to the Board on the remuneration of non-executive Directors; (g) reviewing and approving compensation payable to the executive Directors and senior management or any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (h) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; (i) ensuring that no Director or any of his associates is involved in deciding his own remuneration; (j) catering for the Company to be in a position to offer and maintain competitive and attractive overall benefits to recruit and maintain high quality personnel at the Board level; and (k) conforming to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or applicable laws.

The remuneration paid to the senior management by the Board during the Year is disclosed in Note 11 to the consolidated financial statements.

During the Year, a RC meeting with the attendance of all RC members was held to review the employment contracts entered with the executive Directors; the letters of appointment entered with independent non-executive Directors; the remuneration package of the senior management and issues relating to the RC. The members of RC had approved the employment contracts and the letters of appointment and considered the remuneration package of the senior management reasonable.

BOARD COMMITTEES (continued)

Audit Committee

Currently, the AC is chaired by Dr. Lu and comprises two additional members, namely Dr. Lin and Dr. Ye. All of them were appointed as members of the AC with effect from 2 December 2017. All members of the AC are independent non-executive Directors.

The primary duties of the AC include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the internal auditor or external auditor before their submission to the Board, including:

    i) any changes in accounting policies and practices;

    ii) major judgmental areas;

    iii) significant adjustments resulting from audit;

    iv) the going concern assumptions and any qualifications;

    v) compliance with accounting standards; and

    vi) compliance with the Listing Rules and legal requirements in relation to financial reporting.

- To review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of the external auditor.

- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards.

- To discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences.

- To review the adequacy and effectiveness of the Company's financial reporting system, internal control and risk management systems and associated procedures.

During the Year, two AC meetings were held with the attendance of all AC members to review the audited consolidated financial statements for the Corresponding Year and the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2020 with recommendation to the Board for approval. Furthermore, the AC has approved the annual audit and non-audit services fees for the Year, and recommended the re-appointment of Moore Stephens CPA Limited as the external auditor of the Company to the Board for approval and subsequently to be considered and, if thought fit, approved by the Shareholders at the forthcoming AGM.

During the Year, Moore Stephens CPA Limited, as the external auditor, was invited to the AC meetings without the presence of executive Directors to discuss with the AC issues in relation to the audit and financial reporting matters. The annual results of the Company for the Year have been reviewed by the AC. There is no disagreement between the Board and the AC in respect of the re-appointment of the external auditor.

BOARD DIVERSITY

The Board has adopted the Board Diversity Policy which sets out the approach to achieve a diverse Board in order to enhance performance quality. "Diversity" would be considered from various aspects, including gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, etc. Board appointments are based on meritocracy and candidates will be assessed against objective criteria, having due regard for the benefits of diversity. The NC monitors the implementation of the Board Diversity Policy, and for the purpose of ensuring its effectiveness, will further review the Board Diversity Policy and recommend any revisions to the Board for consideration and approval, when necessary.

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; other factors relating to the Company's business model and its specific needs will also be considered in the course of the selection of candidates. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board as well as having regard to the benefit of diversity of the Board.

NOMINATION POLICY

The Board has adopted the Nomination Policy setting out the principles guiding the NC to identify and evaluate a candidate for nomination to the Board for appointment or to the Shareholders for election as a Director.

The Nomination Policy includes certain factors, by reference to which the NC considers nominations. These factors include the candidate's skills and experience, diversity perspectives set out in the Board Diversity Policy, the candidate's time commitment and integrity, and the independence criteria under Rule 3.13 of the Listing Rules where the candidate is proposed to be appointed as an independent non-executive Director.

The Nomination Policy further specifies the nomination procedures that the NC (a) will adopt appropriate measures to identify and evaluate a candidate; (b) may consider a candidate recommended or offered for nomination by a Shareholder; and (c) will, upon the recommendation, submit the candidate's personal profile to the Board for consideration.

The Nomination Policy is reviewed periodically to ensure that it remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the Year which give a true and fair view of the state of affairs of the Company and the Group, and the Group's loss and cash flow in accordance with Hong Kong Financial Reporting Standards, the Hong Kong Companies Ordinance and the Listing Rules. In preparing financial statements for the Year, the Directors have selected suitable accounting policies and applied them consistently. The Directors also made judgements and estimates that are prudent and reasonable and prepared the financial statements on a going concern basis.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial and other information and position of the Company put to the Board for approval. During the Year, the management provided all members of the Board with quarterly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

Internal Control and Risk Management

During the Year, the Company has followed the rules and regulations as stated in the internal control manual to perform internal control and risk management. The Board is overall responsible for evaluating and determining the nature and extent of the risks that it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company has established and maintained appropriate and effective risk management and internal control systems. Such systems are designed to manage rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

ACCOUNTABILITY AND AUDIT (continued)

Internal Control and Risk Management (continued)

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and the Company's assets and reviewing the effectiveness of such system on an annual basis, including any changes in the nature and extent of sign to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions. The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group.

The Company has established risk management procedures to address and handle significant risks associated with the businesses of the Group. The management would identify the risks associated with the businesses of the Group by considering both internal and external factors and events which include political, economic, technological, environmental, social and interpersonal. Each of the risks is assessed and prioritised based on its relevant impacts and occurrence opportunities. The relevant risk management strategy would be applied to each type of risks according to the assessment results. Key risk management strategies are summarised as follows:

– Risk retention and reduction: accept the impact of risk or undertake actions by the Group to reduce the impact of the risk;

– Risk avoidance: change business progress or objective so as to avoid the risk;

– Risk sharing and diversification: diversify the effect of the risk or allocate to different location or product or market;

– Risk transfer: transfer ownership and liability to a third party.

Further, to establish an effective risk management framework, the Board should be satisfied that adequate controls and procedures are in place in respect of the following functions:

– approving a group definition for different types of risk (e.g. operational risk);

– identifying, understanding and assessing different types of risk inherent in the Group's business activities or major investments;

– laying down the risk management strategies;

– approving a risk management framework consistent with the Company's business strategies and risk appetite;

– determining that the risk management framework is properly implemented and maintained;

– reviewing the risk management framework periodically to ensure that it remains adequate and appropriate under the prevailing business environment; determining that there are clear reporting lines and responsibilities for the risk management function;

– maintaining continued awareness of any changes in the Company's risk profile; and

– approving the provision of adequate resources for risk management purposes.

ACCOUNTABILITY AND AUDIT (continued)

Internal Control and Risk Management (continued)

The Company has a policy on insider trading which is fully disclosed in its internal control manual and the Company carries out regular reviews on the effectiveness of this policy, to ensure that it can meet and deal with the dynamic and ever-changing business environment.

Since the operations of the Group are relatively simple, no internal audit department has been set up within the Group. McMillan Woods Corporate Service Limited ("McMillan Woods") has been appointed to carry out the internal audit function for the Group, excluding Emerson as it has been governed by the laws and regulations of the New York Stock Exchange and Securities and Exchange Commission of the USA. McMillan Woods has reviewed and evaluated the risk management and internal control process of the Group for the Year. The review has covered all material controls, including financial, operational and compliance controls and risk management functions. They have identified the risk factors in their internal audit report addressed to the AC. After reviewing as such the AC has nothing to bring to the attention of the Board and the Shareholders. The management considers the risk management and internal control systems are effective and adequate. McMillan Woods will perform the internal audit for the Group annually on a three-year contract, subject to renewal by the AC.

Company Secretary

The company secretary is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. The company secretary is responsible for advising the Board on compliance and corporate governance matters to ensure the effective conduct of meetings and proper procedures to be in place and followed. During the Year, the company secretary has taken no less than 15 hours of relevant professional training.

External Auditor and Auditor's remuneration

The financial statements have been audited by Moore Stephens CPA Limited who will be subject to re-appointment as the auditor of the Company at the forthcoming AGM. The audit and non-audit fees during the Year were approximately HK$2 million and HK$1 million respectively. The non-audit services mainly included the performance of interim financial review and the professional services relating to the acquisition of lands and taxation.

Constitutional Documents

There has been no changes in the Bye-laws during the Year.

INVESTOR RELATIONS

During the Year, the Company held an AGM on 28 August 2020, at which the Directors welcomed questions from the shareholders. Moreover, the Company published its interim report for the six months ended 30 September 2020 on 30 November 2020.

SHAREHOLDER RIGHTS

Procedures for Shareholders to Convene a General Meeting

Shareholders shall have the right to request the Board to convene a special general meeting of the Company. Pursuant to Bye-law 58 of the Bye-laws, Shareholders 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 of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

Shareholders may at any time send their enquiries to the Board, addressed to the Company Secretarial Department with contact details set out below:

Office address:	Flat C01, 32/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong
Telephone:	(852) 3950 4600
Fascimile:	(852) 2469 8806
E-mail:	enquiries@nimbleholding.com

Procedures for Shareholders to Put Forward a Proposal at a General Meeting

Shareholders holding not less than one-twentieth of the total voting rights of all shareholders having a right to vote at the general meeting or not less than 100 Shareholders can, at their own expenses, submit a written request stating a resolution to be moved at the AGM or a statement of not more than 1,000 words with respect to a matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting. The written request or statement should be signed by the relevant Shareholders and deposited at the Company's registered office in Bermuda and principal place of business in Hong Kong for the attention of the company secretary of the Company, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"), pursuant to which the Company may declare and distribute dividends to the Shareholders, provided that the profit of the Company shall be enough for both self-development and returns to the Shareholders.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall take into account, inter alia, the Company's current and future operations and earnings, business development strategies, financial position, capital requirements and surplus, contractual restrictions, the applicable laws and regulations, and other factors that the Board deems relevant.

The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and modify the Dividend Policy at any time as it deems fit and necessary.

CORPORATE GOVERNANCE FUNCTIONS

The Board recognizes that corporate governance should be the collective responsibility of Directors and their corporate governance duties include those set out in Code Provision D.3.1 of Appendix 14 to the Listing Rules:

(a) to develop, review and implement the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of the Directors and the senior management;

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

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

(e) to review the Company's compliance with the Code and disclosure in the corporate governance report.

During the Year and up to the date of this report, the Board reviewed and performed the above-mentioned corporate governance functions.

INTRODUCTION

The Group hereby presents its Environmental, Social and Governance ("ESG") Report (this "ESG Report") for the Year, to provide an annual update over the Group's performance in regard to the ESG aspects in a transparent and an open manner.

This ESG Report is included as a part of this annual report and supplements information disclosed elsewhere in this annual report.

OUR PHILOSOPHY IN ESG

The corporate social responsibilities are embedded in our corporate culture, forming an integral part of our business strategies. The Group is committed to cultivating its responsible corporate citizenship and integrating ESG concerns into the business operations for the purposes of aligning the interest and benefits of our stakeholders, society at large and environment as a whole as well as for the long-term development of the Group.

REPORTING SCOPE

This ESG Report summarises the performance of the Group in respect of corporate social responsibility, covering its principal operating activities. During the Year, the Group's principal operating activities were composed of the distribution of houseware products and audio products; licensing of trademarks; trading of household appliances in the PRC; provision of IT services in the PRC; and property development in the PRC. However, since the completion of the Disposal on 15 June 2021, the principal operating activities remained in the Group have been composed of the distribution of houseware products and audio product; trading of household appliances in the PRC; PRC's IT services; and property development in the PRC.

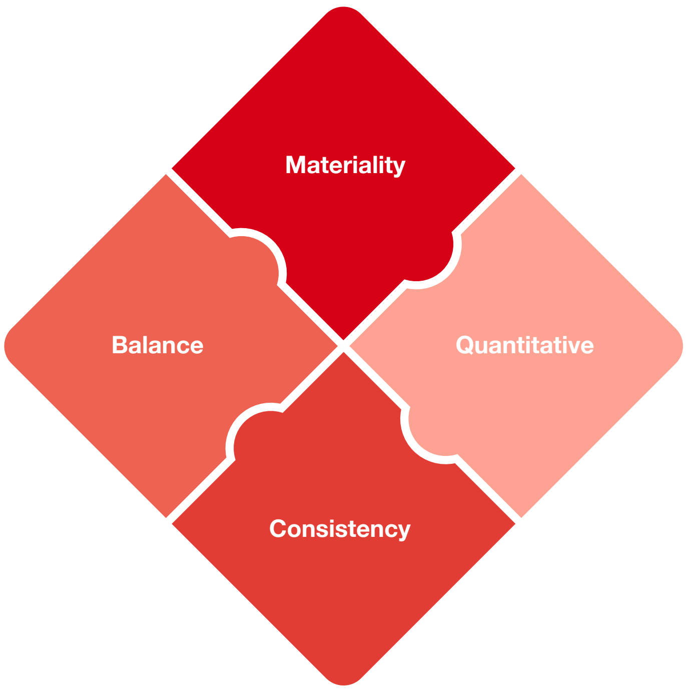
REPORTING STANDARDS

This ESG Report is prepared in accordance with Appendix 27 to the Listing Rules, the "Environmental, Social and Governance Reporting Guide" (the "ESG Guide"), and the "comply or explain" provisions therein.

The Board is responsible for the ESG strategy and reporting, evaluating and determining the ESG-related risks as well as ensuring that appropriate and effective ESG risk management and internal control systems are in place. The Group has engaged business functions to identify relevant ESG issues and to assess their materiality to our businesses as well as to our stakeholders, through reviewing the Group's operations and holding internal discussions. The management has provided a confirmation to the Board on the effectiveness of our ESG risk management and internal control systems for the Year.

REPORTING STANDARDS (continued)

The Board prepares, compiles and determines the presentation of the content of this ESG Report based on the four reporting principles of materiality, quantitative, balance and consistency of the Listing Rules to ensure true, accurate and meaningful information to be delivered to the readers. This ESG Report outlines the Group's sustainability initiatives and selected key performance indicator(s) ("KPI(s)") that are material to the Group and our stakeholders on the ESG issues for the Year.



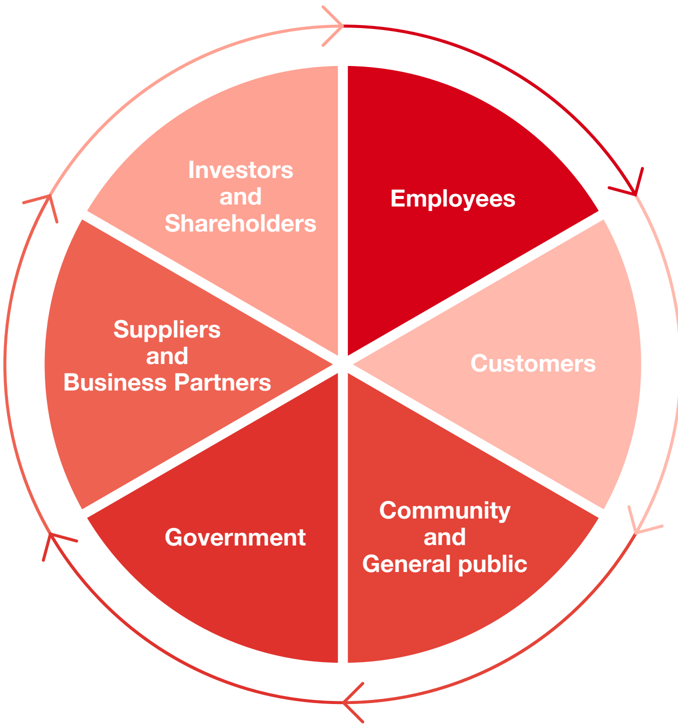
Four Reporting Principles

Materiality	The Board gives consideration to the ESG issues significantly important to the operation, investors and stakeholders of the Group, in determining the ESG issues to be reported.
Quantitative	All departments and business lines of the Group use appropriate tools to record the relevant ESG KPIs on a recurring and continuing basis and Hong Kong management of the Group is further responsible for the supervision of gathering and preparing of all the relevant information in this ESG Report in compliance with the ESG Guide.
Balance	The Group reports the relevant data and contents on an objective and a fair basis, without biasing the content of this ESG Report to any factors.
Consistency	Consistent data statistics and conversion methods are adopted and the relevant data of the ensuing year will be disclosed in the subsequent ESG report, so as for the stakeholders to grasp and compare the ESG performance of the Group.

STAKEHOLDER ENGAGEMENT

Our approach to stakeholder engagement is to ensure that the stakeholders' perspectives over and expectations of the Group are fully grasped, in order to properly define and continuously improve our sustainability strategies.

Considerations are given to the interests of all stakeholders so as to beef up our tie with them and respond to their needs and expectations in our day to day operations. During the Year, our stakeholders included employees, investors and shareholders, suppliers and business partners, government, customers as well as community and general public.



STAKEHOLDER ENGAGEMENT (continued)

Categories of stakeholders	Engagement channels of stakeholders
Employees	• Internal communications within the Group intranet • Staff activities and interviews • Staff training and evaluation • Performance review
Investors and Shareholders	• Annual and interim reports • AGM and special general meetings • Press releases, announcements and circulars • The Group's website • Road-shows, investor relations conferences
Suppliers and Business Partners	• Business meetings • Industry forums and seminars • Supplier audits and evaluations • The Group's website
Government	• Press releases, announcements and circulars • Public consulting • Site investigation
Customers	• Customer service hotline • Sales and promotion • The Group's website • Customer satisfaction surveys
Community and General Public	• Charity and social investment • Environmental responsibilities • The Group's website

MATERIALITY ASSESSMENT

Under the disclosure requirements set out in the ESG Guide and based on the business features and operation of the Group, the Group has identified a total of 16 issues which are considered to have impacts on the environment and the society in the course of our operations for the Year. In future, we will focus more on the discussion of relevant issues by giving full consideration to opinions from all stakeholders, communicating with them constantly and practically enhancing our long-term development strategies in order to deal with the matters concerned by our stakeholders in an effective manner.

Below is the list of issues relevant to the sustainable development of the Group for the Year.

ESG aspects			No.	ESG issues
A. Environmental	Aspect A1:	Emissions	1	Emissions of air pollutants
			2	Greenhouse gas ("GHG") emissions
			3	Waste management
	Aspect A2:	Use of Resources	4	Energy consumption
			5	Water consumption
	Aspect A3:	Environmental and Natural Resources	6	Management of risks associated with environmental and natural resources
B. Social	Aspect B1:	Employment	7	Equal opportunity and employee benefits
	Aspect B2:	Occupational Health and Safety	8	Occupational health and safety
	Aspect B3:	Development and Training	9	Employees development and training
	Aspect B4:	Labour Standards	10	Prevention of child labour and forced labour
	Aspect B5:	Supply Chain Management	11	Selection and evaluation of suppliers
			12	Control and management on environmental and social risks along the supply chain
	Aspect B6:	Product Responsibility	13	Product quality and safety
			14	Customer data privacy and data security
	Aspect B7:	Anti-corruption	15	Anti-corruption
	Aspect B8:	Community Investment	16	Community engagement step

All other aspects of KPIs not mentioned above were concluded to be not relevant for disclosure.

A. ENVIRONMENTAL

A1. Emissions

The Board is dedicated to formulating and implementing various environmental policies in all aspects pertaining to the operating activities of the Group, in order to pinpoint and minimize the impacts on the environment which arise from these operating activities. These environmental policies include but not limited to:

- Observing relevant laws and regulations and aiming to comply with all requirements;

- Monitoring and taking appropriate measures to reduce air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes;

- Making efficient use of resources, including energy, water and other raw materials;

- Minimising the impact of the Group's activities on the environment and natural resources; and

- Engaging our staff, customers and suppliers to promote environmentally sustainable business practices and constantly re-assessing our process to minimise environmental impact.

This ESG Report does not include the disclosure of all the environmental KPIs as they are not considered material or relevant as a conclusion of our stakeholder engagement as well as management's view. Instead, we have discussed our general approach and effort to reduce the Group's environmental footprint in various aspects.

A1.1 Air Pollutants Emission

During the Year, the Group was principally engaged in the distribution of houseware products; audio products and licensing of trademarks; trading of household appliances in the PRC; provision of IT services in the PRC; and property development in the PRC. During the Year, the Group's business activities, other than property development in the PRC, bore relatively low impact on air pollutants emission, GHG emission and waste generation because these operating activities were predominately office-based.

The principal source of emissions arising out of the Group's property development operation in the PRC was petrol consumed by vehicles. In response, the Group has actively taken the following measures to control air emissions.

- Encourage the use of public transport;

- Optimise the operation procedure to improve the laden ratio of motor vehicles and lower the vacancy rate; and

- Perform quarterly or yearly maintenance on vehicles to ensure optimal engine performance and fuel use.

During the Year, the Group was in compliance with all relevant environment laws and regulations in all material aspects and was not aware of any non-compliance.

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

A1.1 Air Pollutants Emission (continued)

Furthermore, for mitigation of the environmental impacts and protection of employees' health, proper air emission control has a pivotal role to play. For our whole operating activities, responsible practices are persistently encouraged to be adopted to dwindle air pollutants emission. Moreover, the Group conducts various monitoring procedures to ensure that all operating activities are carried on in strict compliance with the relevant national laws and regulations.

The air pollutant emission data for the Year and the Corresponding Year are summarised as follows:

Air Pollutants	Unit	2021	2020
Sulfur dioxide	kilograms	**0.374**	0.018
Nitrogen oxides	kilograms	**19**	0.89
Particulate matter	kilograms	**1.40**	0.07

Note: As the property development in the PRC has expanded from one project to eight projects during the Year, we have applied a new measurement method which is considered to be more appropriate than the one used for the Corresponding Year. Therefore, the figures have been restated to reflect the new measurement method.

A1.2 Greenhouse Gas Emission

The Group recognizes the risks posed by climate change to its businesses and therefore is dedicated to mitigating its repercussion. During the Year, the principal sources of GHG emissions of the Group were generated from petrol consumed by vehicles and purchased electricity in the course of the Group's business operations.

In response, apart from the measures mentioned in the sections headed "Air Pollutants Emission" and "Energy Management", various management systems for the use of vehicles have been put in place. In future, the Group will keep track of the development of climate change and our business activities, thereby formulating and implementing sustainable and environmental friendly GHG-reduction strategies.

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

A1.2 Greenhouse Gas Emission (continued)

The GHG emission data for the Year and Corresponding Year are summarised as follows:

GHG Emission	Unit	2021	2020
CO_2-e	tonnes	**236.69**	8.75

Note: As the property development in the PRC has expanded from one project to eight projects during the Year, we have applied a new measurement method which is considered to be more appropriate than the one used for the Corresponding Year. Therefore, the figures have been restated to reflect the new measurement method.

A1.3 Waste Management

The Group recognizes the significance of waste reduction. Waste management measures have been in place to mitigate the amount of waste produced in the course of the operating activities of the Group and its impact on the environment. We also take a proactive attitude to strictly monitor, properly handle and reduce the hazardous waste generated from our business as a way to lower the waste generation as well as the risks of accidental spill and leakage. During the Year, the hazardous waste produced in the course of our business operation was immaterial and was handled in accordance with the relevant laws and regulations. Reference will be made to relevant professional guidelines for management and disposal of hazardous wastes, in case there is any hazardous waste generated. For example, engagement of qualified chemical waste collectors to handle these hazardous waste.

As for non-hazardous waste, the waste predominately involves office paper, bottles and food waste generated in the course of our operations. The Group takes initiative to reduce the waste amount by implementing different measures. For example, recycling containers are located in our offices to collect recyclable materials and encouragement of the usage of e-documents for both internal and external communication. In case there is any non-recyclable non-hazardous waste generated, it will be handled and disposed of properly.

Regardless of the types of waste, the Group closely monitors and reviews our performance in waste management and is amendable to any waste prevention suggestions to reduce the waste generation. In future, we will continue to aim at strengthening our recycling practices and reducing waste generation for promotion of environmental sustainability.

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

A1.3 Waste Management (continued)

The hazardous waste and non-hazardous waste generated by the Group for the Year and Corresponding Year are summarised as follows:

Waste	**Unit**	**2021**	2020
Non-hazardous waste	tonnes	**3.51**	0.01
Hazardous waste	tonnes	**0.13**	0.02

Note: As the property development in the PRC has expanded from one project to eight projects during the Year, we have applied a new measurement method which is considered to be more appropriate than the one used for the Corresponding Year. Therefore, the figures have been restated to reflect the new measurement method.

A2. Use of Resources

Energy Management

The Group has advocated the concept of energy saving and emission reduction into the entire process of its development and operation. To pursue our environmental commitment, we implement various initiatives throughout our operations such as controlling the air-conditioners to a temperature that is recommended by the relevant governmental authority, minimizing the use of paper and reducing water consumption, installing efficient lighting system in the offices, achieving the objective of reduction of electricity consumption and thus energy consumption. By actively monitoring and managing the use of resources, we aim to reduce our operating costs as well as our carbon footprint and natural resources consumption.

The energy consumption for the Year and the Corresponding Year are summarised as follows:

Energy Consumption	**Unit**	**2021**	2020
Direct Energy Consumption			
Fuel Consumption – Diesel	GJ	**–**	27.02
Fuel Consumption – Gasoline	GJ	**870.05**	41.04
Indirect Energy Consumption			
Electricity purchased	GJ	**317.60**	3.59
Total (Direct and Indirect)	GJ	**1,187.65**	71.65
Energy intensity	GJ per staff	**8.14**	0.85

Note: As the property development in the PRC has expanded from one project to eight projects during the Year, we have applied a new measurement method which is considered to be more appropriate than the one used for the Corresponding Year. Therefore, the figures have been restated to reflect the new measurement method.

A. ENVIRONMENTAL (continued)

A2. Use of Resources (continued)

Water Consumption

Water is another important natural resource. Hence, a series of water conservation measures have been in place to reduce water consumption in our operations. The measures include encouragement to reuse waste water, and the reclaimed water can reduce the use of tap water and eventually alleviate the environmental pollution due to waste water disposal. Also, regular checks and maintenance of water pipes are conducted to prevent leakage and identify opportunities for reducing water consumption.

The water consumption data for the Year and the Corresponding Year are summarised as follows:

Water Resources	**Unit**	**2021**	2020
Total water consumption	tonnes	**1,346.1**	1
Water consumption intensity	tonnes per staff	**9.2**	0.01

Note: As the property development in the PRC has expanded from one project to eight projects during the Year, we have applied a new measurement method which is considered to be more appropriate than the one used for the Corresponding Year. Therefore, the figures have been restated to reflect the new measurement method.

During the Year, the Group did not encounter any issue in sourcing water that is unfit for purpose.

A3. The Environment and Natural Resources

Although most of the core businesses of the Group have remote impacts on the environment and natural resources, as an ongoing commitment to good corporate citizenship, the Group recognises the responsibility in minimising the negative environmental impact of our business operations, in order to achieve a sustainable development for generating long term values to our stakeholders and the community as a whole.

We regularly assess the environmental risks of our businesses, and review our environmental policies from time to time, to implement appropriate eco-friendly measures and practices to enhance environmental sustainability, reduce operating risks as well as ensure compliance with relevant laws and regulations.

B. SOCIAL

B1. Employment

Employees are our valuable assets, driving continued business success. The Group strives to attract and retain talent and reconciles economical imperatives with well-beings, aiming at reinforcing satisfaction, loyalty and commitment of human capital. We have developed a written group company handbook to govern the recruitment, promotion, dismissal, compensation, discipline, working hours, leave and other benefits of our employees, in accordance with the relevant laws and regulations.

The level of compensation of our employees is reviewed annually on a performance basis with reference to the market standard. A wide range of benefits including comprehensive medical and life insurance, and retirement schemes are also provided to employees.

The Group respects cultural and individual diversity. We believe that no one should be treated less favourably on his/her personal characteristics (i.e. gender, pregnancy, marital status, disability, family status, and race, etc.). Opportunities for employment, training and career development are equally open to all qualified employees.

As at 31 March 2021, the Group employed a total of 146 staff (2020: 84), the breakdowns of which are as follows:

		As at 31 March	
Indicators		**2021**	2020
Number of employees		**146**	84
By gender:	Male	**76**	45
	Female	**70**	39
By types of employment:	Permanent	**140**	79
	Contract/Other Staff	**6**	5
By age group:	66 – 75	**3**	3
	56 – 65	**12**	11
	46 – 55	**15**	16
	36 – 45	**30**	17
	26 – 35	**81**	34
	18 – 25	**5**	3
By geographical region:	PRC	**102**	43
	Hong Kong	**20**	21
	Overseas	**24**	20

There were no non-compliance cases noted in relation to the relevant employment laws and regulations for the Year.

B. SOCIAL (continued)

B2. Occupational Health and Safety

We are committed to providing and maintaining a safe, healthy, and hygienic workplace for all employees, and all other persons likely to be affected by our operations and activities.

Health and safety standards are given prime consideration in our operations, and regulatory compliance is strongly supported. Employees at every level are committed to, and accountable for, the delivery of the safety initiatives contained in the group company handbook, with a view to maintaining a vigorous and injury-free culture. Appropriate measures are taken to continuously improve the safety and health aspects in the workplace. Electrical installations are checked by a licensed vendor annually to ensure they are working safely. A fire drill is conducted annually to enable employees to evacuate safely.

Besides, since the outbreak of the COVID-19 pandemic in early 2020, various contingency plans have been set up to set out health procedures that our employees across different business locations should undertake to maintain business continuity of the Group.

There were no non-compliance cases noted in relation to the relevant health and safety laws and regulations during the Year.

B3. Development and Training

We acknowledge the importance of training for the development of our employees. We encourage and support our employees in personal and professional training, through sponsoring training programs, seminars, conferences, peer learning and on-the-job coaching, as well as reimbursement for external training courses to enhance their competencies in performing their job effectively and efficiently. We believe this is a mutually beneficial practice for achieving both personal and corporate goals as a whole.

Staff attended external training courses across the Group amounted to 100 hours in total, among which 80% were attended by male staff and the rest were attended by female staff, in each of the Year and the Corresponding Year. These external training courses were all attended by managerial staff.

B4. Labour Standards

We prohibit any child and forced labour in any of our operations and services. Monitoring and preventive measures are in place. Any breach or suspected breach will be investigated and followed up in a timely manner. Labour who is forced to work by means of physical punishment, abuse, involuntary servitude, peonage or trafficking is strictly forbidden. A child who is below the age as set by the local labour law should not be employed. We also avoid engaging vendors of administrative supplies and services and contractors that are known to employ children or forced labour in their operations.

There were no non-compliance cases noted in relation to the labour standards laws and regulations during the Year.

B. SOCIAL (continued)

B5. Supply Chain Management

We encourage suppliers to maintain a high standard of business ethics and conduct, with satisfactory environmental and social performance. During the selection and evaluation processes of suppliers for our business activities, we adopt a fair basis with defined assessment criteria to ensure that only qualified suppliers are engaged with no conflict of interest.

To support sustainability, we apply strict environmental, social and ethical criteria to the suppliers of our businesses and we place basic standards on suppliers with basic principles as below:

– Operating as an equal opportunity employer and recognising the right to collective bargaining as well as minimum and prevailing wages and benefits;

– Maintaining probity and accountability standards;

– Minimising discrimination against small and medium-sized enterprises or local vendors;

– Providing a healthy and safe working environment, not employing forced or child labour, and refraining from harassment or abuse of employees; and

– Supporting sustainable development, acting responsibly with regard to the environment, observing environmental criteria to conserve resources, minimising the negative environmental effects of the production, application and disposal of products, and reducing the use of hazardous products as much as possible.

In the assessment process, we communicate with suppliers on their environmental and social responsibilities. The environmental friendliness of suppliers' practices and products are examined. Selected suppliers' performance is monitored through on-site factory assessments, quality reviews of products and customer feedback. Areas that do not adhere to the standards are evaluated with the suppliers to identify opportunities to improve their current environmental and social practices.

B6. Product Responsibility

The Company's goal is to maximise shareholders' value in the medium to long term. We believe that ESG factors have an influence on the overall performance of individual companies, in both positive and negative ways. Hence, in the process of creating returns, ESG is integrated into not only our operations but also the selection process of our suppliers for long term value creation. As a responsible distributor, we aim to incorporate ESG aspects in our analysis and selection decisions, and continue to monitor the ESG performance of our suppliers and encourage them to make improvements on ESG issues. In addition, we have also issued a code of conduct to our licensees asking them to pay attention to the code of conduct set out as follows:

B. SOCIAL (continued)

B6. Product Responsibility (continued)

The aim of this code of conduct is to assist with meeting the principles as set forth in the ESG Guide. These principles largely follow those set out by the United Nations in its Principles for Responsible Investment (https://www.unpri.org). Hence, all licensees are asked to carry on business with the following principles in mind:

Environmental

1. To control air emissions, greenhouse gas emissions, discharges into water and generation of hazardous waste in order to support a precautionary approach to environmental challenges;

2. To implement various initiatives throughout the operations, such as controlling air-conditioners to a temperature that is feasible to the working environment, minimising the use of paper and reducing water consumption; in order to promote greater environmental responsibility;

3. To recognise the responsibility in minimising the negative environmental impact of business operations in order to achieve a sustainable development for generating long term values to stakeholders and the community as a whole. Moreover, we also encourage the development and diffusion of environmental friendly technologies;

Social

4. To ensure the level of compensation of employees is reviewed periodically on a performance basis with reference to the market standard and to ensure a wide range of benefits are also provided to employees in order to support and respect the protection of internationally proclaimed human rights;

5. To ensure employees are not complicit in human rights abuses;

6. To uphold the freedom of forming labour union and the effective recognition of the right to collective bargaining;

7. To prohibit any forced labour in any operations and services in order to eliminate all forms of forced and compulsory labour;

8. To prohibit any child labour in any operations and services in order to ensure effective abolition of child labour;

9. To respect cultural and individual diversity in order to eliminate any discrimination in respect of employment and occupation, and to ensure opportunities for employment, training and career development are equally open to all qualified employees;

10. To work against corruption in all its forms, including extortion and bribery.

During the Year, there was no non-compliance issues relating to health and safety, advertising, labelling and privacy matters relating to services provided by the Group.

B. SOCIAL (continued)

B6. Product Responsibility (continued)

Data Privacy

We ensure strict compliance with the statutory requirements to fully adhere to and meet a high standard of security and confidentiality of personal data privacy protection. We highly respect personal data privacy and are firmly committed to preserving the data protection principles as follows:

– We only collect personal data that we believe to be relevant and required to conduct our business;

– We will use personal data only for the purposes for which the data is collected or for directly related purposes unless consent with a new purpose is obtained;

– We will not transfer or disclose personal data to any entity that is not a member of the Group without consent unless it is required by law or it was previously notified; and

– We maintain appropriate security systems and measures designed to prevent unauthorised access to personal data.

There were no non-compliance cases noted in relation to our supplier selection process and data privacy during the Year.

B7. Anti-corruption

We aim to maintain the highest standard of openness, uprightness and accountability and all our staff are expected to observe the highest standard of ethical, personal and professional conduct. We do not tolerate corruption, bribery, extortion, money laundering and other fraudulent activities in connection with any of our business operations.

In addition to the code of conduct on anti-bribery and anti-corruption mentioned in the group company handbook, we have issued relevant whistle-blowing procedures in setting up a private communication channel on reporting suspicious or fraudulent actions to the Company's management directly. All reported cases will be investigated in a timely and confidential manner and confirmed cases will further be reported to the AC to ensure that appropriate remedial actions are to be taken. The Company has also adopted an internal control manual with an annual review in order to set up guidelines and standards for staff's behaviours and activities. All employees are required to fully comply and familiarize themselves with these guidelines and standards at all times and, in case of any breach, will be subject to internal disciplinary action. Ongoing review of the effectiveness of the internal control systems is conducted on a regular basis to prevent the occurrence of corruption activities.

There were no non-compliance cases noted in relation to either corruption and/or the relevant laws and regulations during the Year.

B8. Community Investment

As a corporate citizen, we promote social contributions throughout members of the Group to the local communities in which we operate. We place great emphasis on cultivating social responsibility awareness amongst our staff and encourage them to better serve our communities at work and during their personal time. We will try to maximise our social investment as much as possible in order to create a more favourable environment for our communities and our businesses.

INDEPENDENT AUDITOR'S REPORT

MOORE

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大華馬施雲
會計師事務所有限公司

To the Shareholders of
Nimble Holdings Company Limited
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Nimble Holdings Company Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 59 to 145, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

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 (continued)

Assessment of net realisable value of properties under development

Refer to Note 23 to the consolidated financial statements

Key Audit Matter

As at 31 March 2021, the carrying amount of the Group's properties under development ("PUD") was approximately HK$5,769 million, which accounted for approximately 90% of the Group's total assets. PUD are stated at the lower of cost and net realisable value. Based on the management's estimation of the net realisable value of the PUD, no write-downs were considered to be necessary.

We focused on this net realisable value assessment because the determination of net realisable value of PUD involved critical accounting estimates on the eventual selling prices, variable selling expenses and estimated costs to completion of PUD. Given the significance of the carrying amount of PUD and the involvement of critical accounting estimates, the assessment of net realisable value of these properties is considered a key audit matter.

How our audit addressed the Key Audit Matter

Our audit procedures to address the net realisable value of PUD included the following:

- Evaluating the management's valuation assessment and the external valuation reports prepared by independent property valuer and on which the management's assessment of the net realisable value of PUD was based;
- Assessing the competence, capabilities and objectivity of the external valuer performing the valuation;
- Involving our valuation expert to evaluate the appropriateness of the valuation methodology on net realisable value of PUD;
- Assessing the reasonableness of the selling prices which were estimated based on the prevailing market conditions and comparing the estimated selling prices to the recent market transactions, such as the Group's selling prices of the pre-sale units in the development project or the prevailing market prices of the comparable properties with similar size, usage and location; and
- Evaluating the reasonableness of the estimated future costs to completion for PUD and reconciling the estimated costs to completion to the budgets approved by management and examining, on a sample basis, the signed construction contracts.

OTHER INFORMATION

The directors of the Company (the “Directors”) are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditors’ report thereon.

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

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

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

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

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

The Directors are also responsible for overseeing the Group’s financial reporting process. The audit committee (the “Audit Committee”) assists the Directors in discharging their responsibilities in this regard.

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

Moore Stephens CPA Limited
Certified Public Accountants

Law Yuen Man, Ida
Practising Certificate Number: P05878

Hong Kong, 29 June 2021

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2021

	Notes	2021 HK$ million	2020 HK$ million (Restated)
Continuing operations			
REVENUE	8	**200**	182
Cost of sales		**(168)**	(152)
Gross profit		**32**	30
Other income		**3**	6
Selling and distribution costs		**(22)**	(6)
Administrative expenses		**(78)**	(69)
Finance costs	9	**–***	–*
Impairment loss recognised in respect of brands and trademarks, net	22	**–**	(24)
LOSS BEFORE TAXATION	10	**(65)**	(63)
Income tax charge	13	**(3)**	(6)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(68)**	(69)
Discontinued operations			
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS	40	**10**	(39)
LOSS FOR THE YEAR		**(58)**	(108)
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company			
– From continuing operations		**(51)**	(52)
– From discontinued operations		**(35)**	(35)
		(86)	(87)
Non-controlling interests			
– From continuing operations		**(17)**	(16)
– From discontinued operations		**45**	(5)
		28	(21)
		(58)	(108)
LOSS PER SHARE	15	**HK cents**	HK cents
From continuing and discontinued operations			
Basic and diluted		**(1.57)**	(1.58)
From continuing operations			
Basic and diluted		**(0.93)**	(0.95)

* The amount is less than HK$1 million.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2021

	2021 HK$ million	2020 HK$ million (Restated)
LOSS FOR THE YEAR	**(58)**	(108)
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX:		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of overseas/PRC subsidiaries	**4**	(6)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(54)**	(114)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO:		
Shareholders of the Company		
– From continuing operations	**(48)**	(58)
– From discontinued operations	**(35)**	(35)
	(83)	(93)
Non-controlling interests		
– From continuing operations	**(16)**	(17)
– From discontinued operations	**45**	(4)
	29	(21)
	(54)	(114)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$ million	2020 HK$ million
NON-CURRENT ASSETS			
Plant and equipment	16	**1**	1
Right-of-use assets	17(a)	**3**	5
Financial assets at fair value through profit or loss ("FVTPL")	18	**–**	6
Deferred tax assets	19(a)	**1**	1
Brands and trademarks	20	**–**	68
Goodwill	20	**–**	–
Other assets	21	**1**	1
		6	82
CURRENT ASSETS			
Inventories	24	**18**	15
Properties under development	23	**5,769**	266
Accounts receivable	25	**70**	46
Prepayments, deposits and other receivables	26	**37**	10
Tax recoverable		**1**	1
Cash and bank balances	27	**430**	447
		6,325	785
Assets classified as held for sale	40	**90**	–
		6,415	785
CURRENT LIABILITIES			
Accounts payable	28	**1,598**	81
Contract liabilities	29	**282**	28
Accrued liabilities and other payables	30	**23**	12
Amount due to a related party	31(a)	**1,584**	–
Interest-bearing bank loan	32	**2**	–
Lease liabilities	17(b)	**2**	3
Tax liabilities		**5**	19
		3,496	143
Liabilities associated with assets classified as held for sale	40	**25**	–
		3,521	143
NET CURRENT ASSETS		**2,894**	642

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$ million	2020 HK$ million
NON-CURRENT LIABILITIES			
Amounts due to related parties	31(b)	**1,910**	213
Amount due to a non-controlling shareholder	31(c)	**477**	–
Lease liabilities	17(b)	**1**	2
Tax liabilities		**14**	15
		2,402	230
NET ASSETS		**498**	494
CAPITAL AND RESERVES			
Share capital	33	**55**	55
Share premium	33	**386**	386
(Deficits)/reserves		**(67)**	16
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		**374**	457
NON-CONTROLLING INTERESTS		**124**	37
TOTAL EQUITY		**498**	494

Tan Bingzhao
Director
29 June 2021

Deng Xiangping
Director
29 June 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital HK$ million	Share premium HK$ million	Contributed reserve Note 33(i)* HK$ million	Statutory reserve Note 33(ii)* HK$ million	Exchange fluctuation (deficits)/ reserve Note 33(iii)* HK$ million	Other reserve Note 33(iv)* HK$ million	Accu-mulated deficits* HK$ million	Equity attributable to the shareholders of the Company HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
At 1 April 2020	55	386	193	1	(2)	22	(198)	457	37	494
Loss for the year	–	–	–	–	–	–	(86)	(86)	28	(58)
Other comprehensive income	–	–	–	–	3	–	–	3	1	4
Total comprehensive income/(loss) for the year	–	–	–	–	3	–	(86)	(83)	29	(54)
Capital Increase (Note 38(a))	–	–	–	–	–	–	–	–	58	58
Appropriation to statutory reserve	–	–	–	1	–	–	(1)	–	–	–
At 31 March 2021	55	386	193	2	1	22	(285)	374	124	498
At 1 April 2019	55	386	193	–	4	22	(110)	550	48	598
Loss for the year	–	–	–	–	–	–	(87)	(87)	(21)	(108)
Other comprehensive loss	–	–	–	–	(6)	–	–	(6)	–	(6)
Total comprehensive loss for the year	–	–	–	–	(6)	–	(87)	(93)	(21)	(114)
Arising on acquisition of a subsidiary (Note 39)	–	–	–	–	–	–	–	–	10	10
Appropriation to statutory reserve	–	–	–	1	–	–	(1)	–	–	–
At 31 March 2020	55	386	193	1	(2)	22	(198)	457	37	494

* These accounts comprise the deficits of approximately HK$67 million (2020: reserves of approximately HK$16 million) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Notes	**2021 HK$ million**	2020 HK$ million (Restated)
OPERATING ACTIVITIES			
(Loss)/profit before taxation from			
– continuing operations		**(65)**	(63)
– discontinued operation		**14**	(35)
		(51)	(98)
Adjustments for:			
Interest income		**(2)**	(7)
Depreciation of plant and equipment	10	**–***	1
Depreciation of right-of-use assets	10	**3**	2
Change in fair value of financial assets at FVTPL		**–**	1
Expected credit loss ("ECL") on accounts receivable	25	**2**	4
Loss on measurement to fair value less costs of disposal		**10**	–
Impairment loss recognised in respect of brands and trademarks, net		**–**	97
Operating cash flows before working capital changes		**(38)**	–
Increase in properties under development		**(5,434)**	(34)
(Increase)/decrease in inventories		**(3)**	13
Increase in accounts receivable		**(22)**	(45)
Increase in prepayments, deposits and other receivables		**(22)**	–
Increase in accounts payable		**1,510**	60
Increase in contract liabilities		**255**	26
Increase in accrued liabilities and other payables		**17**	1
Cash (used in)/generated from operations		**(3,737)**	21
PRC and overseas profits tax paid		**(12)**	(4)
Net cash (used in)/generated from operating activities		**(3,749)**	17
INVESTING ACTIVITIES			
Payments to acquire plant and equipment		**–***	(1)
Decrease in short-term deposits with original maturities more than three months but less than one year		**23**	2
Net cash inflow arising from acquisition of a subsidiary		**–**	1
Interest received		**2**	7
Placement of restricted bank deposits		**(69)**	(24)
Capital increase	38(a)(i)	**58**	–
Net cash generated from/(used in) investing activities		**14**	(15)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	2021 HK$ million	2020 HK$ million (Restated)
FINANCING ACTIVITIES		
Repayment of lease liabilities	**(3)**	(2)
Increase in amounts due to related parties	**4,190**	–
Increase in amounts due to a non-controlling shareholder	**470**	–
Increase in interest-bearing bank loan	**2**	–
Repayments to related parties	**(967)**	–
Net cash generated from/(used in) financing activities	**3,692**	(2)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(43)**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**201**	201
Effect of foreign exchange rate changes, net	**2**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR	**160**	201
Cash and cash equivalents attributable to:		
– Continuing operations	**136**	199
– Discontinued operations	**24**	2
	160	201

1. GENERAL

Nimble Holdings Company Limited (the "Company") was incorporated in the Cayman Islands and continued in Bermuda as an exempted company with limited liability under the Companies Law of Bermuda. The address of its registered office is Wessex House, 5th Floor, 45 Reid Street, Hamilton HM12, Bermuda. The principal place of business is Flat C01, 32nd Floor, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong. The shares of the Company (the "Shares") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company's immediate holding company is Wealth Warrior Global Limited ("Wealth Warrior"), a company incorporated in the British Virgin Islands. The beneficial owner and sole director of Wealth Warrior is Mr. Tan Bingzhao ('Mr. Tan"). As such, the ultimate controlling shareholder of the Company is Mr. Tan.

The Company is an investment holding company. The principal activities of the Company's major subsidiaries are holding and licensing of brands and trademarks on a worldwide basis, distribution of houseware products and audio products in the United States of America ("USA"), and the trading of household appliances, provision of information technology ("IT") services and property development in the People's Republic of China (the "PRC"). The subsidiaries engaged in the holding and licensing of brands and trademarks were subsequently disposed of after the year ended 31 March 2021, details of which are described in Note 40.

The audited consolidated financial statements are presented in Hong Kong Dollar ("HK$"), the functional currency of the Company, and all values are rounded to the nearest million ("HK$ million") unless otherwise stated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

New and amended standards adopted by the Group

During the year ended 31 March 2021 (the "Year"), the Company and its subsidiaries (together the "Group") have adopted the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to the operations to the Group and are effective for accounting periods beginning on or after 1 January 2020:

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

In addition, in the preparation of the consolidated financial statements for the Year, the Group has early applied the Amendments to HKFRS 16 Covid-19 – Related Rent Concessions, which are mandatorily effective for annual reporting periods beginning on or after 1 June 2020.

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

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

New standards and amendments to standards not yet adopted

The Group has not applied the following new and amendments to HKFRSs and HKASs, which have been issued but are not yet effective, in the consolidated financial statements:

HKFRS 17[(4)]	Insurance Contracts and the related Amendments
Amendments to HKFRS 3[(3)]	Reference to the Conceptual Framework
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16[(1)]	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 10 and HKAS 28[(5)]	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1[(4)]	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 16[(3)]	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37[(3)]	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs[(3)]	Annual Improvements to HKFRSs 2018-2020
Amendments to HKFRS 16[(2)]	Covid-19-Related Rent Concessions Beyond 30 June 2021
Amendments to Accounting Guideline 5[(3)]	Accounting Guideline 5 Merger Accounting for Common Control Combinations (Revised)

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

The Group has already commenced an assessment of the related impact of adopting the above new and amendments to HKFRSs and HKASs. So far, it has concluded that the above new and amendments HKFRSs and HKASs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, HKASs and interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of preparation of the financial statements

The consolidated financial statements for the Year comprise the financial statements of the Company and its subsidiaries.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Hong Kong Dollar is the Company's functional and the Group's presentation currency.

The consolidated financial statements have been prepared under the historical cost basis except for the use of fair value basis for financial assets at FVTPL.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect in the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

These consolidated financial statements have been prepared on a going concern basis. As at 31 March 2021, the following events and conditions existed which may cast significant doubt on the Group's ability to continue as a going concern:–

– the Group incurred losses from its continuing operations in recent years, including losses of approximately HK$68 million and HK$69 million in the Year and the year ended 31 March 2020 (the "Corresponding Year") respectively;

– the Group incurred negative operating cash flows of approximately HK$3,749 million in the Year;

– the Group's net current assets of approximately HK$2,894 million as at 31 March 2021 included HK$5,769 million of properties under development for sale, all of which are not expected to be realised within one year after 31 March 2021; and

– the Group relied upon its related parties to provide fundings for its operations, with amounts due to related parties amounting to HK$3,494 million as at 31 March 2021.

The applicability of the going concern basis to the consolidated financial statements is dependent upon the Group being able to continue to operate as a going concern, which in turn depends upon the continued availability to the Group of adequate financings and the Group being able to attain profitable operations and generate positive operating cash flows in future. In particular, in view of the reliance of the Group on the financing provided by its related parties as at 31 March 2021, the Directors have performed assessments on the financial capabilities of these related parties to provide the financial support to the Group and concluded that the related parties will not withdraw their financing facilities to the Group and request the repayment of loans due from the Group before the respective maturity dates based on the followings–

– Advances from related parties amounting to approximately HK$1,910 million as at 31 March 2021 will be repaid within 3 years from the respective agreement dates as stipulated in the loan agreements using proceeds expected to be received by the Group from its pre-sales of the properties being developed for sale.

– No indication of, or request or demand for, repayment of the amounts due to the related parties have been received by the Group.

– Subsequent to the end of reporting period, the related parties have confirmed to the Group that they will not request for repayment of amounts owed by the Group until the Group is able to do so without impairing its liquidity and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

The Directors also have given careful considerations to the future liquidity needs and financial performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken by the Group to mitigate its liquidity pressure and to improve its financial position which include, but are not limited to, the followings:

– The Group has launched the pre-sale of its properties under development in relation to a property development project and deposits amounting to approximately HK$281 million have been received therefrom as at 31 March 2021 as set out in Note 29. The Group expects to gradually launch pre-sales of properties for its other property development projects and subsequent to the end of the reporting period, the Group has commenced the pre-sales of properties of four other property development projects. The Group has eight property development projects as of 31 March 2021.

– The Group has been negotiating with certain banks for banking facilities, such as property development project loans, so as to provide funds required as working capital for its various property development projects in the PRC. Subsequent to the end of the reporting period, the Group has successfully obtained a property development project loan of RMB600 million (equivalent to approximately HK$712 million), which is secured by the land with carrying amount as at 31 March 2021 amounting to approximately RMB956 million (equivalent to approximately HK$1,134 million), from China Construction Bank in April 2021. In the opinion of the Directors, the remaining lands of the Group, with aggregate land cost carrying amount as at 31 March 2021 of approximately RMB3,463 million (equivalent to approximately HK$4,108 million) and are unpledged as of the date of approval of these consolidated financial statements, are available for use as security to be provided to the banks with whom the Group is negotiating for obtaining further banking facilities.

– The Group will continue to take active measures to control administrative and operating costs through various channels, including human resources optimization and containment of capital expenditures.

The Directors are of the opinion that, although the eventual outcome of the above mentioned measures cannot be determined with certainty, taking into account the likely and expected outcome of the above measures and after assessing the Group's current and future cash flow needs and positions, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within twelve months from 31 March 2021. Accordingly, the Directors believe that it is appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries and non-controlling interests (continued)

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the shareholders of the Company. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in consolidated income statement. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition

Revenue from contracts with customers

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

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

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

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

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

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

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

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

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

(i) Sales of goods – Distribution of houseware products and audio products in the USA and trading of household appliances, wires and cables in the PRC.

Revenue is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition (continued)

Revenue from contracts with customers (continued)

(ii) Licensing business on a worldwide basis

The Group has entered into a number of agreements with individual licensees ("Licensees") under which the Group grants the Licensees rights to use the Group's intellectual properties (being the brands which produce electronic products ranging from audio-visual equipment to household appliances). In return, the Group is entitled to minimum annual payments, which generally are paid by Licensees before the commencement of the annual license periods.

HKFRS 15 requires an entity to determine whether an entity's promise to grant a license is a right to access the entity's intellectual property (with consideration being recognised as revenue over time) or a right to use the entity's intellectual property (with consideration being recognised as revenue at a particular point in time). Based on the specific requirements under HKFRS 15, an entity's promise to grant a license is a right to access the entity's intellectual property when all of the following criteria are met:

(a) the contract requires, or the customer reasonably expects, that the entity will undertake activities that significantly affect the intellectual property to which the customer has rights;

(b) the rights granted by the licence directly expose the customer to any positive or negative effects of the entity's activities identified in (a) above; and

(c) those activities do not result in the transfer of a good or a service to the customer as those activities occur.

Having assessed the terms of the related agreements and the specific facts and circumstances, the Directors concluded that not all of the abovementioned criteria are satisfied and hence the Directors concluded that the minimum annual payments should be recognised at a particular point in time (being the commencement of each annual license period).

The Group recognises revenue for the sales-based royalty when those subsequent sales occur (i.e. excess of actual sales occurred).

(iii) IT system development and related services in the PRC

Revenue is recognised at the point in time when control of services is transferred to the customer, generally on acknowledgment of receipt is signed by customer upon completion of the services.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue recognition (continued)

Revenue from contracts with customers (continued)

(iv) Sales of properties
Revenue from development of properties for sale in the ordinary course of business is recognised at the point in time when customers obtain the physical possession or the legal title of the completed properties and the Group has right to payment and collection of the consideration is probable. Deposits received from sale of properties prior to meeting the criteria for revenue recognition are recorded as contract liabilities (and described as "Sale of properties") in the consolidated statement of financial position.

(v) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(e) Business combinations

Effective from 1 April 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Business combinations (continued)

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Incomes Taxes and HKAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in consolidated income statement as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39 Financial Instruments: Recognition and Measurement, with the corresponding gain or loss being recognised in consolidated income statement.

(f) Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets/financial liabilities at the respective fair value, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

(g) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

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

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits and financial assets (other than investments in subsidiaries). These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 3.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Non-current assets held for sale and discontinued operations (continued)

(ii) Discontinued operations

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

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

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

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

(h) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. If some or all of the goodwill allocated to a CGU was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Segment reporting

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

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

(j) Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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 recognised in consolidated income statement during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses arising from the retirement or disposal of an item of plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in consolidated income statement on the date of retirement or disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leases

Definition of a lease

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

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

The Group as a lessee

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

(ii) Right-of-use assets
The cost of right-of-use asset includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leases (continued)

The Group as a lessee (continued)

(iii) Refundable rental deposits

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

(iv) Lease liabilities

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

The lease payments include:

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

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leases (continued)

The Group as a lessee (continued)

(v) Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

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

(vi) Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Investments and other financial assets

Finance instruments

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

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in consolidated income statement.

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

Financial assets

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

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

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

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Investments and other financial assets (continued)

Financial assets (continued)

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Investments and other financial assets (continued)

Financial assets (continued)

Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including other non-current assets, cash and bank balances, accounts receivable, deposits and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for accounts receivable without significant financing component. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings of historical credit loss experience, average actual date of receipt and customers' background and forward-looking information.

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

(i) Significant increase in credit risk

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Investments and other financial assets (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

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

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

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

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

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Investments and other financial assets (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

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

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

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

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

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

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

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of accounts receivable, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in consolidated income statement.

(v) Measurement and recognition of ECL

ECLs are probability-weighted estimate of credit losses, which are measured at the present value of all expected cash shortfalls (i.e. difference between the cash flows due to the Group in accordance with the contracts and the cash flows that the Group expects to receive).

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

The Group recognises an impairment gain or loss in consolidated income statement for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Except for investments in equity instruments that are measured at FVTPL, the Group recognises an impairment gain or loss in consolidated income statement for all financial instruments by adjusting their carrying amount, with the exception of other non-current assets, accounts receivable, and deposit and other receivables where the corresponding adjustment is recognised through a loss allowance account.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

(n) Financial liabilities

Initial recognition and measurement

The Group's financial liabilities include accounts payable, lease liabilities, accrued liabilities and other payables, amounts due to related parties/a non-controlling shareholder and interest-bearing bank loan.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

When the contractual terms of financial liability are modified such that the revised terms would result in a substantial modification from the original terms after considering qualitative factors (e.g. modifications of convertible instruments such as extending the tenure, change in exercise price of the underlying options).

When the contractual terms of financial liability are modified such that the revised terms would result in a substantial modification from the original terms, after taking into account all relevant facts and circumstances including qualitative factors, such modification is accounted for as derecognition of the original financial liability and the recognition of new financial liability. The difference between the carrying amount of financial liability derecognised and the fair value of consideration paid or payable, including any liabilities assumed and derivative components recognised, is recognised in consolidated income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Financial guarantee liabilities

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group to the banks for property purchasers.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such liabilities are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation of fees recognised.

Financial guarantee liabilities are derecognised from the consolidated statement of financial position when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

(p) Brands and trademarks

The brands and trademarks with indefinite useful lives are carried at cost less accumulated impairment losses.

Any conclusion that the useful life of brands and trademarks is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives.

Amortisation of intangible assets with finite useful lives is charged to the consolidated income statement on a straight-line basis over the assets' estimated useful lives.

(q) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Cash and cash equivalents

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

Bank deposits which are restricted to use are classified as "restricted bank deposits". Restricted bank deposits are excluded from cash and cash equivalents in the consolidated statement of cash flows.

(s) Properties under development

Properties under development, representing leasehold land and buildings located in the PRC under development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure, if any. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development are transferred to completed properties for sale upon completion of development.

Properties under development are classified as current assets unless those will not be realised in one normal operating cycle.

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in consolidated income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into HK$ at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into HK$ at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange fluctuation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are reclassified to consolidated income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(v) Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(w) Income tax

Income tax represents the sum of current and deferred tax. Income tax relating to items recognised outside consolidated income statement is recognised outside consolidated income statement, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Similar to deferred tax liability, current tax liability classified as non-current liability is not discounted to present value.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(y) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person –

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group;
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies –

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Fair value measurement

The Group measures its unlisted equity securities at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Key sources of estimation uncertainty

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

(i) Impairment of non-financial assets (other than goodwill)

Determining whether there is an impairment requires an estimation of recoverable amounts of the plant and equipment, right-of-use assets, intangible assets or the respective CGU in which these related assets belong, which is the higher of value in use and fair value less costs of disposal. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the CGU to which the asset belongs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the assets of CGUs and a suitable discount rate in order to calculate the present value. The discount rate represents a rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. Where the actual future cash flows or the revision of estimated future cash flows are less than the original estimated future cash flow, then a material impairment loss may arise. Further details are set out in Notes 20 and 22.

(ii) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Further details are set out in Notes 6(b) and 18.

(iii) Write down of inventories

The Group performs regular review of the carrying amounts of inventories with reference to aged inventories analysis, expected future sales and management judgement. Based on this review, write down of inventories will be made when the carrying amount of inventories declines below the estimated net realisable value. However, actual sales may be different from estimation and the profit or loss could be affected by differences in this estimation.

(iv) Provision of ECL for accounts receivable

The Group makes provision for impairment of accounts receivable based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further details are set out in Notes 6(a)(ii) and 25.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(a) Key sources of estimation uncertainty (continued)

(v) Net relisable value of properties under development

Properties under development are stated at the lower of the cost and net realisable value. Based on the experience of the Directors and the nature of the subject properties, the Directors determine the net realisable value of properties under development by reference to the estimated market prices of the properties under development, which takes into account a number of factors including the recent prices of similar property types in the same project or by similar properties, and the prevailing real estate market conditions in the PRC. During the Year, no write-down has been made in the consolidated income statement.

(b) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements in addition to those disclosed elsewhere in the notes to the consolidated financial statements:

Taxation and deferred taxation

As an investment holding company, the Company is subject to income tax in Hong Kong and the Group is subject to various taxes in other jurisdictions. Significant judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. 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 tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and certain tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and tax charge in the periods in which such estimate is changed.

As at 31 March 2021, deferred tax assets of HK$0.5 million (2020: HK$1 million) in relation to credit loss allowance has been recognised in the Group's consolidated statement of financial position. The realisation of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which such a reversal takes place. Further details are set out in Note 19.

5. FINANCIAL INSTRUMENTS BY CATEGORIES

	2021 HK$ million	2020 HK$ million
Financial assets –		
Financial assets at FVTPL	**–**	6
At amortised cost	**508**	499
	508	505
Financial liabilities –		
At amortised cost	**5,596**	311

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Financial risk management

The Group's principal financial instruments comprise cash and bank balances and various other financial assets and liabilities such as accounts receivable, accounts payable, and amounts due to related parties and a non-controlling shareholder, which arise directly from its operations. Details of the financial instruments are disclosed in respective notes.

The Group has exposure to currency risk, credit risk, liquidity risk and interest rate risk arising from financial instruments. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(i) Currency risk

(i) Exposure to currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States Dollar and Renminbi ("RMB").

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management (continued)

(i) Currency risk (continued)

(i) Exposure to currency risk (continued)

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised monetary assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong Dollar, translated using the spot rate at the year-end date.

	United States Dollar		RMB	
	2021 HK$ million	2020 HK$ million	**2021 HK$ million**	2020 HK$ million
Cash and bank balances	**15**	29	**3**	–*

* The amount is less than HK$1 million.

(ii) Sensitivity analysis

The Group's major financial assets and liabilities are denominated in United States Dollar, RMB and Hong Kong Dollar. It is assumed that the pegged rate between the Hong Kong Dollar and the United States Dollar would be materially unaffected by any changes in movement in value of the United States Dollar against other currencies.

Other than as disclosed above, majority of its transactions are denominated in the functional currencies of the respective group entities and there were only insignificant balances of financial assets and liabilities denominated in foreign currencies (other than functional currencies of the respective group entities) at the end of the reporting period, the Directors considered that the Group's exposure to currency risk is not significant and accordingly, no sensitivity analysis has been presented.

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management (continued)

(ii) Credit risk and impairment assessment

As at 31 March 2021, the financial assets' carrying amounts best represent the maximum exposure to credit risk. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

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

Types of customer	Internal credit rating	Description	Accounts receivable	Other financial assets/ other items
Private sector – listed companies – private companies	Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Private sector – listed companies – private companies	Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12-month ECL
Private sector – listed companies – private companies	Doubtful	There is evidence indicating significant increase in credit risk	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Private sector – listed companies – private companies	Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Private sector – listed companies – private companies	Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Accounts receivable arising from contracts with customers
In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model annually on trade balances individually or based on provision matrix. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

To measure the ECLs, accounts receivable has been grouped based on shared credit risk characteristics and the days past due.

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management (continued)

(ii) Credit risk and impairment assessment (continued)

Accounts receivable arising from contracts with customers (continued)
The estimated ECL loss rates are estimated with reference to the credit spread for each of the groupings (which taking into consideration of historical credit loss experience, average actual date of receipt, customers' background, listing status and size as groupings of various debtors), which reflect the credit risk of the debtors, over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure debtors are appropriately grouped for ECL assessment purpose.

On that basis, the loss allowance as at 31 March 2021 and 2020 was determined as follows for accounts receivable:

2021 **Internal credit rating**	**Average loss rate**	**Gross HK$ million**	**Loss allowance HK$ million**	**Net HK$ million**
Private sector (watch list)				
– listed companies	**5%**	**5**	**–***	**5**
– private companies	**10%**	**72**	**7**	**65**
Total		**77**	**7**	**70**

2020 Internal credit rating	Average loss rate	Gross HK$ million	Loss allowance HK$ million	Net HK$ million
Private sector (watch list)				
– listed companies	7%	4	–*	4
– private companies	11%	47	5	42
Total		51	5	46

* The amount is less than HK$1 million.

Deposits and other receivables
The management of the Group considers that the credit risk arising from the deposits and other receivables to be low as the Group did not experience any material default by these miscellaneous debtors.

Bank balances/restricted bank deposits
The credit risks on bank balances and restricted bank deposits are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management (continued)

(ii) Credit risk and impairment assessment (continued)

Financial guarantee

As disclosed in Note 34(i), for properties that are presold but development have not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 80% of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank that holds the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposit received and re-sell the repossessed properties. Therefore, the Directors consider the Group would be able to recover any loss incurred arising from the guarantee by it and the Group's credit risk is significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, the Group has a certain level of concentration of credit risk as 43% (2020: 16%) and 75% (2020: 42%) of the total accounts receivable, arose from the Group's largest customer and the four (2020: two) largest customers, respectively, in which the balances were due from customers related to the PRC's household appliances operating segment. For existing customers, the Group has established long-term trading relationship and that have good credit history with the Group and were past due within 3 months. For new customers, the Group has assessed and minitored the financial background and creditability on those debtors on an ongoing basis. The Group keeps monitoring the level of exposures to ensure that follow up actions and/or corrective action are taken promptly to lower the risk exposure or to recover the overdue balances.

(iii) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to the Company's board approval when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash. The Group monitors and maintains a level of bank balances deemed adequate to finance the Group's operations.

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management (continued)

(iii) Liquidity risk (continued)

The maturity profile of the Group's non-derivative financial liabilities as at 31 March 2021 and 2020, based on the contracted undiscounted payments, is as follows:

	2021				
	Repayable on demand or within 1 year HK$ million	**Between 1 to 2 years HK$ million**	**Between 2 to 5 years HK$ million**	**Total undiscounted cash flows HK$ million**	**Carrying amounts HK$ million**
Accounts payable	**1,598**	**–**	**–**	**1,598**	**1,598**
Accrued labilities and other payables	**23**	**–**	**–**	**23**	**23**
Interest-bearing bank loan	**2**	**–**	**–**	**2**	**2**
Lease liabilities	**2**	**1**	**–**	**3**	**3**
Amounts due to related parties	**1,584**	**190**	**2,061**	**3,835**	**3,494**
Amount due to a non-controlling shareholder	**–**	**–**	**604**	**604**	**477**
Financial guarantee *(Note 34(i))*	**177**	**–**	**–**	**177**	**–**
	3,386	**191**	**2,665**	**6,242**	**5,597**

	2020				
	Repayable on demand or within 1 year HK$ million	Between 1 to 2 years HK$ million	Between 2 to 5 years HK$ million	Total undiscounted cash flows HK$ million	Carrying amounts HK$ million
Accounts payable	81	–	–	81	81
Accrued labilities and other payables	12	–	–	12	12
Lease liabilities	3	2	–	5	5
Amounts due to related parties	–	–	236	236	213
Financial guarantee *(Note 34(i))*	13	–	–	13	–
	109	2	236	347	311

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management (continued)

(iv) Interest rate risk

The Group has exposure to fair value interest rate risk, which mainly arises from the fixed-rate borrowings from bank, related parties and a non-controlling shareholder, details of which are set out in Notes 31 and 32. The Group's bank balances give rise to exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The Directors consider the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank balances and deposits are within short maturity period. Accordingly, no sensitivity analysis on short-term bank deposits is presented.

(b) Fair values of financial instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	2021		2020	
	Carrying amount HK$ million	**Fair value HK$ million**	Carrying amount HK$ million	Fair value HK$ million
Financial assets:				
Financial assets at FVTPL	–#	–#	6	6

Reclassified as assets of a disposal group classified as held for sale in Note 40.

Management has assessed that the fair values of cash and bank balances, accounts receivable, accounts payable, financial assets included in prepayments, deposits and other receivables and financial liabilities included in accrued liabilities and other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

At the end of the reporting period, the fair value of financial assets at FVTPL was determined based on the adjusted net asset value method.

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Fair values of financial instruments (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments in Level 3 fair value measurements together with a quantitative sensitivity analysis as at the end of the reporting period:

Financial instruments	Valuation technique	Significant unobservable input	Sensitivity of fair value to the input
Financial assets at FVTPL – unlisted equity securities	Adjusted net asset value method	(1) Net asset value (2) Adjustments to book value of underlying assets not measured at fair value	(1) A 10% decrease in the adjusted net assets holding all other variables constant would decrease the carrying amounts of these unlisted equity securities by approximately HK$0.6 million (2020: HK$0.6 million) and vice versa (2) A 10% decrease in the fair value of the underlying investment properties held by the investee would decrease the carrying amount by HK$0.1 million (2020: HK$0.1 million) and vice versa

The management of the Group is responsible for determining the appropriate valuation techniques and inputs for fair value measurements. The management of the Group regularly reports to the board of Directors in relation to the fair value measurements of the aforesaid financial assets.

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Fair values of financial instruments (continued)

The movement during the Year in the balance of Level 3 fair value measurements is as follows:

	2021 HK$ million	2020 HK$ million
Unlisted equity securities:		
At 1 April	**6**	7
Change in fair value of financial assets at FVTPL	**–**	(1)
Reclassified as assets of a disposal group classified as held for sale *(Note 40)*	**(6)**	–
At 31 March	**–**	6

7. MATERIAL RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the Year:

(a) The details of balances with related parties are set out in Note 31.

(b) The details of disposal of Unijoy Limited (the "Disposal") subsequent to the end of the Year, which is classified as discontinued operations, are set out in Note 40.

(c) Approximately HK$0.5 million (Corresponding Year: Approximately HK$0.4 million) was paid to Guangzhou Minjun Real Estate Company Limited# ("Guangzhou Minjun", 廣州敏駿房地產有限公司) for rental of offices in the PRC. Guangzhou Minjun is beneficially owned by Mr. Tan Huichuan, the son of Mr. Tan. Included in lease liabilities as disclosed in Note 17(b), balance of approximately HK$0.5 million was related to the leases of the aforesaid offices from Guangzhou Minjin as of 31 March 2021.

(d) Approximately HK$1.1 million (Corresponding Year: Approximately HK$0.4 million) was billed by Guangzhou Nimble New Life Property Management Co., Ltd. Ningxiang Branch# ("Nimble New Life Ningxiang Branch", 廣州敏捷新生活物業管理有限公司寧鄉分公司) for management fee in the PRC. Nimble New Life Ningxiang Branch is beneficially owned by Ms. Tan YueHua, the younger sister of Mr. Tan. Such management fee payable to Nimble New Life Ningxiang Branch was included in other payables as at 31 March 2021.

7. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(e) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Directors as disclosed in Note 11 and certain of the highest paid employees as disclosed in Note 12, are as follows:

	2021 HK$ million	2020 HK$ million (Restated)
Salaries, bonus and other short-term employee benefits	**19**	18
Retirement benefit costs	–*	–*

* The amount is less than HK$1 million.

\# For identification purposes only.

8. REVENUE

An analysis of the Group's revenue from contracts with customers from continuing operations, by principal activities, for the Year is as follows:

	2021 HK$ million	2020 HK$ million (Restated)
Continuing operations:		
By principal activities:		
Sales of goods	**198**	171
Licensing income	**2**	2
IT system development and related services	**–**	9
	200	182

The Group's customers with sales transactions' values exceeded 10% of the Group's revenue during the Year are set out in Note 37.

Revenue from the above mentioned principal activities were recognised on "point in time" basis.

As at 31 March 2021, the aggregate amount of the transaction prices allocated to the performance obligations that were unsatisfied (or partially unsatisfied) as of the end of the reporting period amounted to approximately HK$342.7 million (2020: approximately HK$29.3 million). This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for properties under development and licensing agreements entered into by the customers and Licensees with the Group. The Group expects to recognise these amounts as revenue when the performance obligations are satisfied. Based on the remaining contract terms, these amounts are expected to be recognised within 1 to 5 years after the end of the current reporting period.

9. FINANCE COSTS

	2021 HK$ million	2020 HK$ million
Continuing operations:		
Interest on loans from related parties	**42**	4
Interest on loan from a non-controlling shareholder	**7**	–
Interest on bank loan	**–***	–
Interest on lease liabilities	**–***	–*
	49	4
Less: interest expense capitalised into properties under development *(Note (i))*	**(49)**	(4)
	–*	–*

Note (i)

The finance costs incurred by the Group in both years arose from funds borrowed specifically for the purpose of obtaining the qualifying assets.

* The amount is less than HK$1 million.

10. LOSS BEFORE TAXATION

Loss before taxation from continuing operations is arrived at after charging/(crediting):

Continuing operations	Notes	2021 HK$ million	2020 HK$ million (Restated)
(a) Staff costs			
Directors' and Chief Executive Officer's emoluments		**7**	7
Other staff costs:			
– Salaries and other benefits		**33**	32
– Retirement benefits costs		**3**	4
		43	43
Less: capitalised in properties under development		**(3)**	–*
		40	43
(b) Other items			
Short-term lease expenses		**1**	1
Depreciation of plant and equipment	16	**–***	1
Depreciation of right-of-use assets	17(a)	**3**	2
Auditor's remuneration:			
– Current year		**2**	2
Business tax and other levies		**3**	–*
Legal and professional fees		**15**	12
Advertising costs##		**14**	3
Carrying amount of inventories sold		**168**	152
ECL on accounts receivable	25	**2**	4
Interest income#		**(2)**	(6)

* The amount is less than HK$1 million.
\# Included in other income in the consolidated income statement.
\## Included in selling and distribution costs.

11. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation and the Chief Executive Officer's emoluments are as follows:

	Fees HK$ million	Basic salaries, housing allowances and other benefits HK$ million	Discretionary bonuses HK$ million	Provident fund contribution HK$ million	Total emoluments HK$ million
Year ended 31 March 2021					
Executive directors					
Tan Bingzhao (Chief Executive officer)	**–**	**6.00**	**–**	**0.02**	**6.02**
Deng Xiangping	**–**	**0.72**	**–**	**0.02**	**0.74**
Independent non-executive directors					
Lin Jinying	**0.13**	**–**	**–**	**–**	**0.13**
Lu Zhenghua	**0.13**	**–**	**–**	**–**	**0.13**
Ye Hengqing	**0.13**	**–**	**–**	**–**	**0.13**
	0.39	**6.72**	**–**	**0.04**	**7.15**
Year ended 31 March 2020					
Executive directors					
Tan Bingzhao (Chief Executive officer)	–	6.00	–	0.02	6.02
Deng Xiangping	–	0.75	–	0.02	0.77
Independent non-executive directors					
Lin Jinying	0.13	–	–	–	0.13
Lu Zhenghua	0.13	–	–	–	0.13
Ye Hengqing	0.13	–	–	–	0.13
	0.39	6.75	–	0.04	7.18

No emoluments were paid by the Group to any of the Directors and Chief Executive Officer as an inducement to join or upon joining the Group or as compensation for loss of office during the Year (Corresponding Year: Nil).

The remuneration packages of the Directors are reviewed and approved by the Remuneration Committee. Details please see Corporate Governance Report on pages 25 to 38.

None of the Directors and Chief Executive Officer has waived or agreed to waive any emoluments during the Year (Corresponding Year: Nil).

Salaries, allowance and benefits in kind paid to or for the executive Directors are generally emoluments paid or payable in respect of those person's other services in connection with the management of the affairs of the Company and its subsidiaries.

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

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the Year, the five highest paid individuals included 1 (Corresponding Year: 1) Director, the details of whose emoluments are set out above. The emoluments of the remaining highest paid individuals are as follows:

	2021 HK$ million	2020 HK$ million (Restated)
Continuing operations:		
Basic salaries, housing, other allowances and benefits in kind	**9**	8
Bonuses paid and payable	–*	1
Provident fund contribution	–*	–*
	9	9

* The amount is less than HK$1 million.

The number of these individuals who are non-Directors whose remuneration fell within the bands set out below is as follows:

HK$	**2021 Number of non-Directors**	2020 Number of non-Directors (Restated)
1,000,001 – 1,500,000	**2**	1
1,500,001 – 2,000,000	**1**	2
4,000,001 – 4,500,000	**1**	1

Staff are entitled to receive a basic salary according to their contracts which are reviewed annually by the Group. In addition, staff are entitled to receive a discretionary bonus which is decided by the Group at its absolute discretion having regard to his/her performance.

13. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

No Hong Kong profits tax has been provided for the Year in the consolidated financial statements as there is no assessable profits arising in Hong Kong during the Year (Corresponding Year: Nil).

Under the Law of the People's Republic of China 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 years.

Taxes on profits assessable elsewhere have been calculated at rates of tax prevailing in the places in which the Group operates, based on existing legislation, interpretations and practises in respective thereof.

Continuing operations	**2021 HK$ million**	2020 HK$ million (Restated)
Current tax		
– PRC	**3**	3
– Overseas	**–***	–*
Deferred tax *(Note 19(a))*		
– PRC	**–***	(1)
– Overseas	**–**	4
Income tax charge	**3**	6

* The amount is less than HK$1 million.

Note (i)

Included in tax liabilities as at 31 March 2021 are tax provisions in respect of overseas' current tax recognised in respect of the provisions of tax legislation ("one-time transition tax") enacted by the United States Government in December 2017. In accordance with this legislation, the Group is able to elect to pay such tax liabilities over a period of up to eight years on an interest-free basis. As of 31 March 2021, such provision of one-time transition tax amounting to approximately HK$14 million (2020: HK$15 million) and approximately HK$2 million (2020: HK$2 million) were included in non-current portion and current portion of tax liabilities respectively.

13. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

Reconciliation between tax charge and accounting loss at Hong Kong profits tax rates is as follows:

Continuing operations	**2021 HK$ million**	2020 HK$ million (Restated)
Loss before taxation	**(65)**	(63)
Notional tax calculated at Hong Kong profits tax rate of 16.5% (2020: 16.5%)	**(11)**	(10)
Effect of different tax rates in overseas jurisdictions	**(4)**	(4)
Income not taxable	**(1)**	(1)
Expenses not deductible	**6**	9
Unused tax loss not recognised	**13**	8
Deferred tax assets written-off	**–**	4
	3	6

14. DIVIDEND

The Directors do not recommend the payment of a final dividend for the Year (Corresponding Year: Nil).

15. LOSS PER SHARE

(a) Basic loss per share:

For continuing and discontinued operations

The calculation of basic loss per share is based on the following data:

	2021 HK$ million	2020 HK$ million
Loss:		
Loss attributable to shareholders of the Company used in the basic loss per share calculation	**(86)**	(87)

	2021 Number of ordinary shares million	2020 Number of ordinary shares million
Shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**5,492.2**	5,492.2

For continuing operations

The calculation of basic loss per share is based on the following data:

	2021 HK$ million	2020 HK$ million
Loss:		
Loss attributable to shareholders of the Company	**(86)**	(87)
Less: Loss for the Year from discontinued operations	**(35)**	(35)
Loss attributable to shareholders of the Company used in the basic loss per share calculation	**(51)**	(52)

The denominators used are the same as those detailed above for basic loss per share.

15. LOSS PER SHARE (continued)

(a) Basic loss per share: (continued)

For discontinued operations

Basic and diluted loss per share for the Year from the discontinued operations is HK0.64 cents (Corresponding Year: HK0.64 cents), based on the loss for the year from the discontinued operations of approximately HK$35 million (Corresponding Year: approximately HK$35 million) and the denominators detailed above for basic loss per share.

(b) Diluted loss per share:

Diluted loss per share equals basic loss per share as there were no potential ordinary shares outstanding during the Year and the Corresponding Year.

16. PLANT AND EQUIPMENT

	2021 HK$ million	2020 HK$ million
Cost		
At 1 April	**5**	4
Additions	**–***	1
Disposals	**–***	–
At 31 March	**5**	5
Accumulated depreciation		
At 1 April	**4**	3
Depreciation for the Year/Corresponding Year	**–***	1
Disposals	**–***	–
At 31 March	**4**	4
Carrying values at 31 March	**1**	1

* The amount is less than HK$1 million.

The above plant and equipment are depreciated on a straight-line basis at applicable rates which vary from 14.3% to 50% (Corresponding Year: 14.3% to 50%) per annum.

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

	Properties HK$ million
Cost	
At 1 April 2019	5
Additions	2
Exchange realignment	–*
At 1 April 2020	7
Additions	1
Exchange realignment	–*
At 31 March 2021	8
Accumulated depreciation	
At 1 April 2019	–
Depreciation for the Corresponding Year	2
Exchange realignment	–*
At 1 April 2020	2
Depreciation for the Year	3
Exchange realignment	–*
At 31 March 2021	5
Net carrying amount	
At 1 April 2020	5
At 31 March 2021	3

	2021 HK$ million	2020 HK$ million
Expenses related to short-term leases	**1**	1
Total cash outflow for leases	**4**	3

* The amount is less than HK$1 million.

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(b) Lease liabilities

	2021 HK$ million	2020 HK$ million
Lease liabilities payable:		
Within one year	2	3
Within a period of more than one year but not more than two years	1	2
	3	5
Less: portion classified as current liabilities	(2)	(3)
Non-current liabilities	1	2

18. FINANCIAL ASSETS AT FVTPL

	2021 HK$ million	2020 HK$ million
Non-current		
Financial assets at FVTPL – unlisted equity securities	–#	6

Reclassified as assets of a disposal group classified as held for sale as disclosed in Note 40.

Under HKFRS 9, unlisted equity securities as of the end of the reporting period are carried at fair value based on the adjusted net asset value method. Details of the classifications and measurements of the unlisted equity securities as of the end of the reporting period are set out in Note 6(b).

19. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Deferred tax assets recognised:

The major components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the Year/Corresponding Year are as follows:

	Deductible temporary difference in respect of depreciation/ amortisation HK$ million	Credit loss allowance HK$ million	Total HK$ million
At 1 April 2019	4	–	4
Charged to consolidated income statement for the Corresponding Year *(Note 13)*	(4)	1	(3)
At 31 March 2020 and 1 April 2020	–	1	1
Credited to consolidated income statement for the Year *(Note 13)*	–	–*	–*
At 31 March 2021	–	1	1

* The amount is less than HK$1 million.

(b) Deferred tax assets not recognised:

The deferred tax assets have not been recognised in respect of the following items:

As at 31 March 2021, the Group has unused tax losses of HK$149 million (2020: HK$101 million) available for offset against future profits as it is not probable that future taxable profits against which these losses can be utilised will be available in the relevant tax jurisdiction and entities, in which approximately HK$18 million (2020: HK$2 million) and approximately HK$113 million (2020: HK$81 million) will expire within 5 years and 20 years respectively, the remaining tax losses will be carried forward indefinitely.

In accordance with the accounting policy set out in Note 3(w), the Group has not recognised deferred tax assets of approximately HK$38 million (2020: approximately HK$26 million) in respect of the aforesaid cumulative tax losses.

(c) Deferred tax liabilities not recognised:

Under the Enterprise Income Tax Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of certain temporary differences attributable to retained profits of the PRC subsidiaries amounting to approximately HK$0.8 million (2020: approximately HK$0.4 million) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

20. BRANDS AND TRADEMARKS, GOODWILL

	Brands and trademarks		Goodwill	
	2021 HK$ million	2020 HK$ million	**2021 HK$ million**	2020 HK$ million
Gross amount				
At 1 April	**2,001**	2,026	**13**	13
Reclassified as assets of a disposal group classified as held for sale *(Note 40)*	**(1,542)**	–	**–**	–
Foreign currency adjustment	**6**	(25)	**–**	–
At 31 March	**465**	2,001	**13**	13
Accumulated amortisation and impairment				
At 1 April	**1,933**	1,860	**13**	13
Reclassified as assets of a disposal group classified as held for sale *(Note 40)*	**(1,473)**	–	**–**	–
Foreign currency adjustment	**5**	(24)	**–**	–
Impairment loss recognised, net	**–**	97	**–**	–
At 31 March	**465**	1,933	**13**	13
Carrying amount at 31 March	**–**	68	**–**	–

Prior to 1 January 2005, brands and trademarks were amortised over their estimated useful lives but not more than 20 years and stated at their cost less accumulated amortisation and impairment losses. On 1 January 2005, the Group reassessed the useful lives of the brands and trademarks and concluded that all brands and trademarks have indefinite useful lives.

The various brands and trademarks held by the Group have been legally registered on a worldwide basis for many years and the trademarks registrations are renewable at minimal cost. The management of the Group is of the opinion that the Group will renew these trademarks continuously and has the ability to do so. Various assessments including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by the management of the Group, which supports that the brands and trademarks have no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group.

Details of impairment of each of the brands and trademarks are set out in Note 22.

During the Year, Sansui, Akai and Nakamichi brands and trademarks are classified as held for sale as disclosed in Note 40.

21. OTHER ASSETS

	2021 HK$ million	2020 HK$ million
Other receivables (mainly represent utility/rental deposits)	**1**	1

22. IMPAIRMENT TESTING ON BRANDS AND TRADEMARKS, GOODWILL

The carrying amounts of the brands and trademarks, which are identified according to the product line (i.e. brand name of each trademark), and goodwill are presented below according to the operating segments of the Group, as follows:

	Brands and trademarks		Goodwill	
	2021 HK$ million	2020 HK$ million	2021 HK$ million	2020 HK$ million
Emerson	**–**	–	**–**	–
Licensing				
Akai	**38**	37	**–**	–
Nakamichi	**12**	12	**–**	–
Sansui	**19**	19	**–**	–
Reclassified as assets of a disposal group classified as held for sale *(Note 40)*	**(69)**	–	**–**	–
	–	68	**–**	–
	–	68	**–**	–

For impairment testing purposes, the recoverable amounts of each of the brands and trademarks of Emerson, Akai, Nakamichi and Sansui are determined on an individual basis.

The recoverable amounts of each of the individual brand name and trademark intangible assets as at 31 March 2020 and Emerson trademark as at 31 March 2021 were determined based on their value-in-use using value-in-use calculations, which in the opinion of the Directors approximated their fair values. Cash flow projections were used in these calculations, which were based on financial projections approved by management. The brands and trademarks are considered by management as having indefinite useful lives. As at 31 March 2020, the Group had a long-term commitment towards the licensing and Emerson operations over a time horizon in building, nurturing and growing the brand recognition and establishing and expanding the distribution network in any geographical region. A five-year financial budget, based on management's approved long-term plans of licensing and Emerson operations, was therefore used for testing the impairment of these brands and trademarks.

22. IMPAIRMENT TESTING ON BRANDS AND TRADEMARKS, GOODWILL (continued)

The following described each of the key assumptions on which management had based its cash flow projections to undertake the impairment testing:

The pre-tax discount rates used for value-in-use calculations were based on the data and factors relevant to the economy of the regions for the use of trademark and the weighted average cost of capital. The growth rates shown below represented the growth rates used to extrapolate cash flow projections beyond the period covered by the forecasts, which also approximated the average growth rates during the period covered by the management projection in the forecast. The growth rates used in preparing the financial budget reflected the management's past experience and its expectation of market development.

	2021	2020			
	Emerson	Emerson	Akai	Nakamichi	Sansui
Pre-tax discount rate	**26%**	26%	20%-34%	21%-33%	22%-35%
Growth rate	**2%**	2%	2%	2%	2%

Operating expenses were estimated based on reference to the actual data of respective trademarks. Revenue projections were estimated by reference to the historical data and terms of the licensing agreements, likelihood of renewal of the licensing agreements, and the economic outlook expected over the budget period. Based on the aforesaid cash flow projections, the recoverable amounts of Emerson, Akai, Nakamichi and Sansui brands and trademarks were Nil, HK$37 million, HK$12 million and HK$19 million respectively as at 31 March 2020, while the recoverable amount of Emerson trademark was Nil as at 31 March 2021.

During the Year, the Directors performed a review of the recoverable amount of the licensing operation segment, which contains the Akai, Nakamichi and Sansui brands and trademarks, based on the fair value less cost of disposal of Unijoy Limited (details are set out in Note 40) upon its classification as a disposal group held for sale. The fair value of the Disposal Group was determined based on the agreed consideration for the disposal of the Licensing operation segment, as in the opinion of the Directors, the agreement for the disposal of the Disposal Group was agreed upon on an arm's length basis. Accordingly, impairment loss of approximately HK$10 million has been provided in respect of the brands and trademarks during the Year. Further details of the disposal are set out in Note 40.

As at 31 March 2021, Akai, Nakamichi and Sansui brands and trademarks, which belong to the Group's cash-generating unit of licensing, have been reclassified to the assets of a disposal group classified as held for sale as disclosed in Note 40.

The Group recorded a non-cash impairment charge of Nil (Corresponding Year: HK$24 million) associated with the Emerson trademarks for the Year. This was with reference to the valuation report prepared by an independent professional valuer.

22. IMPAIRMENT TESTING ON BRANDS AND TRADEMARKS, GOODWILL (continued)

The Group recorded a non-cash impairment charge of HK$45 million associated with the Akai trademark for the Corresponding Year. This was with reference to the valuation report prepared by an independent professional valuer. In the opinion of the Directors, the recognition of the impairment loss in the Corresponding Year arose because of the unfavourable and unstable global economic environment (mainly due to the continuous impact of global COVID-19 outbreak), as well as the keen competition of the relevant market, negotiation and renewals of key customer contracts during the Corresponding Year on terms which were below the expectations of management had unfavourable effects on the financial budget which, as described above, was prepared based on the past performance and management's expectations for the respective licensing business.

The Group recorded a non-cash impairment charge of HK$28 million associated with the Nakamichi trademark for the Corresponding Year. This was with reference to the valuation reports prepared by an independent professional valuer. In the opinion of the Directors, the recognition of the impairment loss in the Corresponding Year arose because the unfavourable and unstable global economic environment (mainly due to the continuous impact of global COVID-19 outbreak), as well as the keen competition of the relevant market, negotiation and renewals of key customer contracts during the Corresponding Year on terms which were below the expectations of management had unfavourable effects on the financial budget which, as described above, was prepared based on the past performance and management's expectations for the respective licensing business.

23. PROPERTIES UNDER DEVELOPMENT

	2021 HK$ million	2020 HK$ million
Amounts comprise:		
– Land use right (including direct costs associated with the acquisition)	**5,417**	192
– Construction costs including depreciation and staff costs capitalised	**299**	70
– Finance costs capitalised	**53**	4
	5,769	266

The properties under development are located in the PRC. Properties under development that have plans to be developed for sale, and are expected to be realised within the Group's normal operating cycle for property developments, are classified as current assets. These properties under development are not expected to be realised within 12 months after the end of the reporting period.

Included in the Group's properties under development as at 31 March 2021 were land costs with an aggregate net carrying amount of approximately HK$2,792 million (2020: Nil) for which the Group has not yet obtained land use right certificates from the relevant government authorities. The Group has not fully settled the purchase consideration in accordance with the terms of certain relevant land use right grant contracts. The Directors consider that the relevant land use right certificates will be obtained upon the full payment of the purchase consideration. These land use rights were obtained subsequent to the end of the reporting period.

24. INVENTORIES

The inventories represent finished goods stated at lower of cost and net realisable values.

The analysis of the amount of inventories recognised as an expense and included in consolidated income statement is as follows:

	2021 HK$ million	2020 HK$ million
Carrying amount of inventories sold	**168**	152

25. ACCOUNTS RECEIVABLE

The Group allows an average credit period of 30 to 90 days to its trade customers.

	2021 HK$ million	2020 HK$ million
Gross amount	**77**	51
Less: allowance of ECL	**(7)**	(5)
Net amount	**70**	46

The following are the movements of accounts receivable's allowance of ECL during the Year/Corresponding Year:

	2021 HK$ million	2020 HK$ million
31 March and 1 April	**5**	1
Addition	**2**	4
Reverse	**–***	–
Net amount	**7**	5

The ageing analysis of accounts receivable (net of allowance of ECL), presented based on the invoice date, is as follows:

	2021 HK$ million	2020 HK$ million
0 – 3 months	**31**	46
3 – 6 months	**39**	–
	70	46

* The amount is less than HK$1 million.

Details of impairment assessment of accounts receivable for the Year are set out in Note 6(a)(ii).

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 HK$ million	2020 HK$ million
Prepayments *(Note (i))*	**7**	5
Deposits	**3**	1
Prepaid income tax	**6**	–
Cost of obtaining contracts *(Note (ii))*	**11**	–
Other receivables *(Note (iii))*	**10**	4
	37	10

* The amount is less than HK$1 million.

Note

(i) Included in prepayments are deposits for subsequent purchases of inventories advanced to suppliers amounting to approximately HK$3.8 million as of the end of reporting period (Corresponding Year: approximately HK$1.9 million). These deposits were non-interest bearing and covered 0-3 months of purchases.

(ii) Cost of obtaining contracts represented the prepaid sales commission paid to real estate agents in connection with the pre-sales of properties. The Group has capitalised the amounts paid and will charge them to profit or loss when the revenue from the related property sales is recognised, at which time such costs will be included in selling and distribution expenses. No sales commission was charged to profit or loss during the Year.

(iii) Other receivables mainly represented value-added tax receivables in the PRC.

27. CASH AND BANK BALANCES

	2021 HK$ million	2020 HK$ million
Bank balances	**123**	138
Short-term deposits with original maturities within three months	**13**	63
Cash and cash equivalents in the consolidated statement of cash flows	**136**	201
Short-term deposits with original maturities more than three months but less than one year	**195**	218
Restricted bank deposits	**99**	28
	430	447

27. CASH AND BANK BALANCES (continued)

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The short-term time deposits carry interest rate at 0.18% to 1.9% per annum for the Year (2020: 0.4% to 1.35% per annum).

As the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to approximately HK$176.8 million (2020: HK$48.2 million). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Restricted bank deposits represented guarantee deposits for construction of pre-sale properties and are denominated in RMB and placed in designated bank accounts. In accordance with relevant government requirements, a property development company of the Group is required to place certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for the construction of the related properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained. Such guarantee deposits will be released after the completion of construction of the related properties.

28. ACCOUNTS PAYABLE

The analysis of accounts payable, including ageing analysis of accounts payable arising from purchases of inventories based on the invoice date, is as follows:

	2021 HK$ million	2020 HK$ Million
For purchases of inventories		
0 – 3 months	**168**	81
3 – 6 months	**34**	–
For additions of lands	**1,396**	–
	1,598	81

Included in the accounts payable balances are payables of approximately HK$1,396 million (2020: Nil), which are payable to the relevant government authorities for the acquisition of land use rights set out in Note 23. These payments were due to be paid in April and May 2021 and were fully settled subsequent to the end of the reporting period.

29. CONTRACT LIABILITIES

	2021 HK$ million	2020 HK$ Million
Sale of properties *(Note (i))*	**281**	25
Others	**1**	3
	282	28

Revenue recognised that was included in the contract liabilities balance at the beginning of the year was HK$3 million (2020: HK$2 million).

Included in the contract liabilities is approximately HK$1 million which is expected to be settled within next 12 months from the end of the reporting period.

Note (i)

The Group receives 20% to 100% of the contract value from customers when they sign the sale and purchase agreements for pre-sale of properties while construction work of the properties is still ongoing. For the customers who applied for mortgage loans to be provided by the banks, the remaining consideration will be paid to the Group from the banks once the mortgage loan application has been completed and release of fund has been approved. Such advance payment schemes result in contract liabilities being recognised through the property construction period until the customer obtains control of the completed property. Same as the properties under development as disclosed in Note 23, these balances are expected to be settled within the Group's normal operating cycle and are not expected to be settled within 12 months after the end of the reporting period.

30. ACCRUED LIABILITIES AND OTHER PAYABLES

	2021 HK$ million	2020 HK$ million
Accrued expenses	**8**	8
Other tax payables	**4**	1
Other payables *(Note (i))*	**11**	3
	23	12

Note (i)

Included in other payables are balances of approximately HK$9 million (2020: Nil) bidding deposits placed by certain potential contractors for the properties under development.

31. AMOUNTS DUE TO RELATED PARTIES/NON-CONTROLLING SHAREHOLDER

(a) Amount due to a related party

It represents amount due to Guangzhou Minjie Real Estate Development Co., Ltd.# ("GZ Minjie", 廣州敏捷房地產開發有限公司). This balance is non-trade in nature, unsecured, interest-free and repayable on demand.

(b) Amounts due to related parties

	Effective interest rate (%)	2021 HK$ million	2020 HK$ million
GZ Minjie *(Notes (i) and (v))*	4.75% to 5.60%	**224**	117
Guangzhou Jinxiu Investment Company Limited# ("GZ Investment", 廣州錦綉投資有限公司) *(Notes (ii) and (v))*	4.75%	**93**	96
Guangzhou Yufeng Real Estate Development Co., Ltd.# (廣州育豐房地產開發有限公司) *(Note (iii))*	6.40% to 7.5%	**1,199**	–
Zhongshan Wanquan Property Management Co., Limited# (中山市完全物業管理有限公司) *(Note (iv))*	8.5%	**394**	–
		1,910	213

All these entities are beneficially owned, directly or indirectly, by Mr. Tan Huichuan (a son of Mr. Tan) and Mr. Tan Haocheng (an elder brother of Mr. Tan).

Note (i)

Included are balances of approximately RMB118 million and approximately RMB70 million, which are equivalent to approximately HK$140 million and approximately HK$84 million (2020: approximately RMB106 million and Nil, which are equivalent to HK$117 million and Nil respectively), which will be repayable in full on 20 September 2023 and 30 November 2022 respectively. The balances are non-trade in nature and unsecured.

GZ Minjie is also a non-controlling shareholder of Changsha Ningxiang Minjun Real Estate Development Co., Ltd.# ("Ningxiang Minjun", 長沙市寧鄉敏駿房地產開發有限公司), a non-wholly owned indirect subsidiary of the Company.

Note (ii)

The balance of approximately RMB79 million, which is equivalent to approximately HK$93 million (2020: approximately RMB88 million which is equivalent to approximately HK$96 million) will be repayable in full on 30 November 2022, which is non-trade in nature and unsecured.

GZ Investment is the immediate holding company of GZ Minjie (Note (i) above).

31. AMOUNTS DUE TO RELATED PARTIES/NON-CONTROLLING SHAREHOLDER (continued)

(b) Amounts due to related parties (continued)

Note (iii)

The balances of approximately RMB1,010 million, which are equivalent to approximately HK$1,199 million (2020: Nil), will be repayable in full on 1 November 2023 and 20 December 2023, which are non-trade in nature and unsecured.

Note (iv)

The balances of approximately RMB332 million, which are equivalent to approximately HK$394 million (2020: Nil), will be repayable in full on 20 December 2023, which are non-trade in nature and unsecured.

Note (v)

Balances with GZ Minjie and GZ Investment were classified as amounts due to non-controlling shareholders in prior year's consolidated financial statements, together with disclosure of the related party relationships. These balances are reclassified as amounts due to related parties when presented as comparative figures in the Year's consolidated financial statements to conform with the presentation adopted in the Year.

(c) Amount due to a non-controlling shareholder

Amount in the form of a loan is due to Guangxi Huayu Ye Rui Enterprise Management Company Limited# ("Guangxi Huayu", 廣西華宇業瑞企業管理有限公司), a non-controlling shareholder of Nanning Ruihua Real Estate Development Co., Ltd.# ("Nanning Ruihua", 南寧市瑞華房地產開發有限公司), a non-wholly owned indirect subsidiary of the Company. The loan principal of approximately RMB396 million, which is equivalent to approximately HK$470 million (2020: Nil), is interest bearing at 9% per annum, with the principal and not repayable within twelve months since the end of the reporting period. The balance is non-trade in nature and unsecured.

For identification purposes only

32. INTEREST-BEARING BANK LOAN

During the Year, a subsidiary of the Group applied for and received aggregate loan proceeds in the amount of approximately US$204,000 (equivalent to approximately HK$2 million) under the Paycheck Protection Program ("PPP") in the USA. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The PPP Loan is approved by the Small Business Association ("SBA") of the USA with an interest rate of 1%, and includes a "forgiveness" clause which states that the borrower may apply for forgiveness of the loan amount if the amount is used for payroll costs, any payment of interest on a covered mortgage obligation, any payment on a covered rent obligation and any covered utility payment.

A PPP loan has been borrowed under the PPP by a subsidiary of the Group which is currently in the process of applying for loan forgiveness.

33. SHARE CAPITAL, SHARE PREMIUM AND RESERVES

	Number of Shares	Share Capital HK$ million	Share Premium HK$ million
Authorised share capital: Ordinary shares of HK$0.01 each at 31 March 2021 and 31 March 2020	20,000,000,000	200	
Issued and fully paid share capital: Ordinary shares of HK$0.01 each at 31 March 2021 and 31 March 2020	5,492,232,889	55	386

Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the consolidated financial statements.

(i) *Contributed reserve*

The contributed reserve represents the credit amount arising from capital reduction in the previous years.

(ii) *Statutory reserve*

The statutory reserve represents the amount transferred from profit after taxation of the subsidiaries established in the PRC in accordance with the relevant PRC laws until the accumulated total of the fund reaches 50% of the registered capital of the respective subsidiaries.

(iii) *Exchange fluctuation reserve*

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign/PRC operations. The reserve is dealt with in accordance with the accounting policies set out in Note 3(t).

(iv) *Other reserve*

The other reserves mainly represent the change in net assets attributable to the Group in relation to changes in ownership interest in subsidiaries without losing of control.

34. CONTINGENT LIABILITIES

Except for the cases set out below, the Group did not have significant contingent liabilities as of 31 March 2021 and up to the date of this report:–

(i) Guarantees

The Group had provided guarantees of approximately HK$177 million as at 31 March 2021 (2020: HK$13 million) to banks in favour of the purchasers of property units in relation to the Group's properties under development up to an amount of 80% of the purchase price of the individual property units in respect of the mortgage loans provided by the banks to such purchasers. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers prior to the releases of the guarantees, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The guarantees start from the respective dates of grant of the mortgage loans.

In the opinion of the Directors, the total fair value of the financial guarantee contracts of the Group is insignificant at initial recognition. The Directors also consider the possibility of default by the parties involved to be remote and in case of default in payments, the net realisable value of the related properties would be able to cover the outstanding principal together with the accrued interest and penalties. Accordingly, no value has been recognised in the consolidated statement of financial position as at 31 March 2021.

(ii) Legal cases

In an order made by the High Court of Hong Kong Special Administrative Region (the "High Court") on 9 May 2016 in respect of case HCCW 177/2011, the Company is required to:

(i) indemnify and keep indemnified the former provisional liquidators in the event that the funds paid into court are insufficient to meet the taxed fees and expenses of the former provisional liquidators; and

(ii) indemnify and keep indemnified Mr. Fok Hei Yu and FTI Consulting (Hong Kong) Limited in respect of the costs of the defence of proceedings HCA 92/2014 ("the Action"), subject to the final determination of the Action. HCA 92/2014 is a legal case filed in January 2014 in the High Court by Sino Bright Enterprises Co., Ltd., and HCA 1152/2017 is a legal case filed in May 2017 in the High Court by the Company (which was later consolidated with HCA 92/2014), against Mr. Fok Hei Yu and FTI Consulting (Hong Kong) Limited for alleged misrepresentation and the case is ongoing.

As at the date of this report, the Company has received no such requests for the related fees, costs and expenses.

The management is of the view that no provision is necessary for any of the matters described above, after having considered their respective merits.

35. COMMITMENTS

Capital commitments

	2021 HK$ million	2020 HK$ million
Contracted for but not provided in the consolidated financial statements in respect of properties under development	**1,351**	499

36. PENSION SCHEME

The Group operates a defined contribution Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The employees of the subsidiaries within the Group which operate in the PRC are required to participate in the central pension scheme operated by the local municipal government. These PRC subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme as specified by the local municipal government. The contributions are charged to the consolidated income statement as they become payable in accordance with the rules of the central pension scheme.

The staff in USA and Singapore enjoy their own provident fund schemes that have been set up in accordance with the local laws of their respective jurisdictions.

37. SEGMENT REPORTING

The Group currently organises its operations into the following reportable operating segments.

Operating segments	**Principal activities**
PRC's Property Development	Property development and operations in the PRC*
Emerson	Distribution of houseware products and audio products and licensing business – Comprising a group listed on the NYSE American of the USA
Licensing	Licensing business on a worldwide basis** – Comprising the brands and trademarks of Akai, Sansui and Nakamichi
PRC's Household Appliances	Trading of household appliances, wires and cables in the PRC
PRC's IT Services	IT system development and related services in the PRC*

* In order to diversify the businesses and markets of the Group, management of the Group commenced operations of these new operating segments during the Corresponding Year.

** The operations of licensing segment of the Group are presented as discontinued operations in the Year. The segment information reported on the next pages does not include any amounts for these discontinued operations, which are described in more details in Note 40.

37. SEGMENT REPORTING (continued)

Continuing operations

	PRC's Property Development HK$ million	Emerson HK$ million	PRC's Household Appliances HK$ million	PRC's IT Services HK$ million	Unallocated HK$ million	Inter-segment elimination HK$ million	Consolidated HK$ million
Year ended 31 March 2021							
Revenue:							
Sale of household appliances, wires and cables to external customers	–	–	142	–	–	–	142
Sale of houseware products to external customers	–	20	–	–	–	–	20
Sale of audio products to external customers	–	36	–	–	–	–	36
Licensing income from external customers	–	2	–	–	–	–	2
IT services to external customers	–	–	–	–	–	–	–
Total segment revenue	–	58	142	–	–	–	200
Results:							
Segment results	(25)	(33)	14	–*	–	–	(44)
Reconciliations:							
Unallocated corporate expenses					(21)		(21)
ECL on accounts receivable			(2)		–		(2)
Interest income					2		2
Loss before taxation							(65)
Assets:							
Segment assets	5,965	264	85	7	23	(13)	6,331
Assets of a disposal group classified as held for sale							90
Consolidated assets							6,421
Liabilities:							
Segment liabilities	5,824	9	60	–	18	(13)	5,898
Liabilities associated with a disposal group classified as held for sale							25
Consolidated liabilities							5,923
Other information:							
Revenue from customers contributing over 10% of total revenue of the Group:							
– Customer A	–	–	39	–	–	–	39
– Customer B#	–	–	31	–	–	–	31
– Customer C#	–	–	22	–	–	–	22
– Customer D	–	–	20	–	–	–	20

* The amount is less than HK$1 million.

Revenue from these customers contributed less than 10% of total revenue of the Group during the Corresponding Year.

37. SEGMENT REPORTING (continued)

Continuing operations (continued)

	PRC's Property Development HK$ million	Emerson HK$ million	PRC's Household Appliances HK$ Million	PRC's IT Services HK$ million	Unallocated HK$ million	Inter-segment elimination HK$ million	Consolidated HK$ million
Year ended 31 March 2020							
Revenue:							
Sale of household appliances, wires and cables to external customers	–	–	123	–	–	–	123
Sale of houseware products to external customers	–	18	–	–	–	–	18
Sale of audio products to external customers	–	30	–	–	–	–	30
Licensing income from external customers	–	2	–	–	–	–	2
IT services to external customers	–	–	–	9	–	–	9
Total segment revenue	–	50	123	9	–	–	182
Results:							
Segment results	(3)	(36)	11	4	–	–	(24)
Reconciliations:							
Unallocated corporate expenses					(17)		(17)
ECL on accounts receivable			(4)		–		(4)
Impairment loss recognised in respect of brands and trademarks		(24)			–		(24)
Interest income					6		6
Loss before taxation							(63)
Assets:							
Segment assets	299	474	55	8	143	(183)	796
Assets of a disposal group classified as held for sale							71
Consolidated assets							867
Liabilities:							
Segment liabilities	283	580	39	1	36	(573)	366
Liabilities associated with a disposal group classified as held for sale							7
Consolidated liabilities							373
Other information:							
Revenue from customers contributing over 10% of total revenue of the Group:							
– Customer A	–	–	31	–	–	–	31
– Customer D	–	–	36	–	–	–	36

37. SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets. Segment liabilities include all current and non-current liabilities managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is “adjusted EBITDA” i.e. “adjusted earnings before interest, taxes, depreciation and amortisation”, where “interest” is regarded as including investment income and “depreciation and amortisation” is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA the Group’s earnings are further adjusted for items not specifically attributed to individual segments, such as Directors’ and auditors’ remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning interest income from cash balances managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

37. SEGMENT REPORTING (continued)

(b) Geographical information

Information about the Group's revenue from external customers from continuing operations is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue		Carrying amount of non-current assets	
	2021 HK$ million	2020 HK$ million	**2021 HK$ million**	2020 HK$ million
PRC	**142**	132	**3**	2
Asia (exclude PRC)	**–**	–	**–**	2
North America				
– USA and Canada	**58**	50	**2**	2
Unallocated	**–**	–	**–**	68
	200	182	**5**	74

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The table below lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results of the Year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would result in particulars of excessive length.

Name of subsidiaries	Place of incorporation/ registration	Issued and fully paid ordinary share capital/ paid registered capital	Percentage of equity attributable to the Group		Principal activities/ place of operation
			2021	2020	
Directly held by the Company:					
Good Shinny Holdings Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding/ Hong Kong
Grande N.A.K.S. Ltd	British Virgin Islands	US$10,000	**100%**	100%	Investment holding/ Hong Kong
Indirectly held by the Company:					
Swift Up Limited	Hong Kong	HK$1	**100%**	100%	Provision of management services/Hong Kong
廣州敏捷家電貿易有限公司 (Guangzhou Nimble Household Appliances Trading Ltd.#)	PRC	RMB10,000,000	**100%**	100%	Trading of household appliances, wires and cables/PRC
Unijoy Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding/ Hong Kong

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration	Issued and fully paid ordinary share capital/ paid registered capital	Percentage of equity attributable to the Group		Principal activities/ place of operation
			2021	2020	
Innovative Capital Ltd.	British Virgin Islands	US$100	**100%**	100%	Corporate finance and investment holding/ Hong Kong
TWD Industrial Company Limited	British Virgin Islands	US$1	**100%**	100%	Brands and trademarks holding and licensing/ Singapore
Sansui Acoustics Research Corporation	British Virgin Islands	US$1,000	**100%**	100%	Brands and trademarks holding and licensing/ Singapore
Sky Bright Holdings Limited	Hong Kong	HK$1	**100%**	100%	Provision of management services/Hong Kong
Capetronic Display Devices Holdings Limited	British Virgin Islands	US$100	**100%**	100%	Investment holding/ Hong Kong
Akai Electric Co., Ltd.	Japan	JPY10,000,000	**86.7%**	86.7%	Investment holding/Japan
Phenomenon Agents Limited	British Virgin Islands	US$50,000	**86.7%**	86.7%	Brands and trademarks holding and licensing/ Singapore
S&T International Distribution Limited	British Virgin Islands	US$1	**100%**	100%	Investment holding/ Hong Kong
Emerson Radio Corp.*	USA	US$529,000	**72.4%**	72.4%	Distribution of houseware products and audio products and licensing business/USA
敏捷信息科技(廣州)有限公司 (Nimble Information Technology (Guangzhou) Company Ltd.#)	PRC	RMB3,000,000	**100%**	100%	IT system development and related services/PRC
Ningxiang Minjun	PRC	RMB20,408,200	**51%**	51%	Property development and operation/PRC
鞏義市瑞景房地產開發有限公司 (Gongyi Ruijing Real Estate Development Co., Ltd. #)	PRC	RMB10,000,000	**100%**	–	Property development and operation/PRC

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration	Issued and fully paid ordinary share capital/ paid registered capital	Percentage of equity attributable to the Group		Principal activities/ place of operation
			2021	2020	
鞏義市瑞辰房地產開發有限公司 (Gongyi Ruichen Real Estate Development Co., Ltd. #)	PRC	RMB10,000,000	100%	–	Property development and operation/PRC
陽江市璟宸房地產開發有限公司 (Yangjiang Jingchen Real Estate Development Co., Ltd. #)	PRC	RMB10,000,000	100%	–	Property development and operation/PRC
寧波市瑞智房地產開發有限公司 (Ningbo Ruizhi Real Estate Development Co., Ltd. #)	PRC	RMB10,000,000	100%	–	Property development and operation/PRC
汕頭市瑞景房地產開發有限公司 (Shantou Ruijing Real Estate Development Co., Ltd. #)	PRC	RMB10,000,000	100%	–	Property development and operation/PRC
Nanning Ruihua	PRC	RMB100,000,000	51%	–	Property development and operation/PRC
永州市瑞璟房地產開發有限公司 (Yongzhou Ruijing Real Estate Development Co., Ltd. #)	PRC	RMB10,000,000	100%	–	Property development and operation/PRC

For identification purposes only

* Listed on the NYSE American of the USA.

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

(a) The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation/ registration and operations	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) attributable to non-controlling interests		Other comprehensive income attributable to non-controlling interests		Capital Increase/ Arising from assets acquisition		Accumulated non-controlling interests	
		2021	2020	**2021 HK$ million**	2020 HK$ million	**2021 HK$ million**	2020 HK$ million	**2021 HK$ million**	2020 HK$ million	**2021 HK$ million**	2020 HK$ million
Akai Electric Co., Ltd.	Japan	**13.3%**	13.3%	**45**	(4)	**–**	1	**–**	–	**–**	(45)
Emerson Radio Corp.	USA	**27.6%**	27.6%	**(9)**	(16)	**1**	(1)	**–**	–	**65**	73
Ningxiang Minjun *(Note (ii))*	PRC	**49%**	49%	**(8)**	(1)	**–**	–	**–**	10	**1**	9
Nanning Ruihua *(Note (i))*	PRC	**49%**	N/A	**–**	N/A	**–**	N/A	**58**	N/A	**58**	N/A
				28	(21)	**1**	–	**58**	10	**124**	37

Note (i)

On 11 December 2020, the Group and Guangxi Huayu entered into an agreement, pursuant to which the Group and Guangxi Huayu agreed to make respective capital contributions amounting to RMB51 million (equivalent to approximately HK$60.5 million) and RMB49 million (equivalent to approximately HK$58.1 million), respectively to the registered capital of Nanning Ruihua ("Capital Increase"), a newly incorporated subsidiary in the PRC. Accordingly, Nanning Ruihua is held as to 51% by the Group and 49% by Guangxi Huayu.

Note (ii)

Details of the assets acquisition in the Corresponding Year are set out in Note 39.

(b) Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	Ningxiang Minjun		Akai Electric Co., Ltd.		Emerson Radio Corp.		Nanning Ruihua	
	2021 HK$ million	2020 HK$ million	**2021 HK$ million**	2020 HK$ million	**2021 HK$ million**	2020 HK$ million	**2021 HK$ million**	2020 HK$ million
Non-current assets	**–**	–	**32**	37	**2**	4	**–**	–
Current assets	**555**	301	**329**	315	**261**	290	**1,094**	–
Current liabilities	**(374)**	(71)	**(678)**	(1,013)	**(10)**	(8)	**(2)**	–
Non-current liabilities	**(177)**	(213)	**–**	–	**(15)**	(18)	**(974)**	–
Net assets/(liabilities)	**4**	17	**(317)**	(661)	**238**	268	**118**	–
Revenue	**–**	–	**21**	23	**58**	50	**–**	–
Other income	**–**	–	**338**	–	**2**	6	**–**	–
Expenses	**(17)**	(3)	**(13)**	(52)	**(90)**	(110)	**(1)**	–
Tax charge	**–**	–	**(2)**	(2)	**–**	(4)	**–**	–
(Loss)/profit for the year	**(17)**	(3)	**344**	(31)	**(30)**	(58)	**(1)**	–
Total comprehensive (loss)/income for the year	**(17)**	(3)	**344**	(31)	**(29)**	(58)	**(1)**	–
Net cash inflow/(outflow) from operating activities	**154**	17	**9**	–	**(32)**	(19)	**(1,064)**	–
Net cash (outflow)/inflow from investing activities	**(69)**	(24)	**–**	–	**24**	8	**–**	–
Net cash (outflow)/inflow from financing activities	**(65)**	–	**–**	–	**–**	(2)	**1,077**	–
Net cash inflow/(outflow)	**20**	(7)	**9**	–	**(8)**	(13)	**13**	–

39. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

During the Corresponding Year, the Group completed the acquisition of approximately 51% equity interest in Ningxiang Minjun through a wholly-owned subsidiary making the capital contribution in the sum of RMB10,408,200 in cash to the registered capital of Ningxiang Minjun (the "Acquisition"). Ningxiang Minjun was beneficially owned by Mr. Tan Haocheng and Mr. Tan Huichuan, the elder brother and son of Mr. Tan prior to the Acquisition. This transaction has been accounted for as an acquisition of assets and liabilities as the Acquisition does not meet the definition of a business combination. The assets acquired and liabilities assumed do not constitute a business. The transaction was effected for the main purpose of the acquisition of the properties under development, thus enabling the Group to commence implementation of its strategy to engage in property development activities in the PRC.

The net assets acquired in and net cash inflows arising from the Acquisition are as follow:

	HK$ million
Right-of-use assets	–*
Properties under development	232
Prepayments, deposits and other receivables	3
Cash and bank balances	16#
Accounts payable	(18)
Other payables	–*
Lease liabilities	–*
Amounts due to non-controlling shareholders	(212)
	21
Total consideration satisfied by:	
Cash paid as capital contribution	11
Add: Non-controlling interests (49%)	10
	21
Net cash inflow arising on the Acquisition:	
Cash and bank balances	16
Less: restricted bank deposits	(4)
	12
Cash paid as capital contribution	(11)
	1

* The amount is less than HK$1 million.

\# Included the RMB10,408,200 registered capital contributed by the Group.

40. DISCONTINUED OPERATION

Subsequent to the end of reporting period, the entire issued share capital in Unijoy Limited ("Unijoy", together with its subsidiaries, the "Unijoy Group" or "Disposal Group") was disposed of and transferred to Sino Capital Resources Limited, an entity wholly-owned by Mr. Ho Wing On Christopher (a director of Grande N.A.K.S. Ltd, a wholly owned subsidiary of the Company), at the initial consideration of HK$60,000,000 (the "Disposal"). The Disposal completed on 15 June 2021 (the "Completion Date") and the Group received the consideration amount of HK$60,000,000 on the Completion Date. Such consideration is subject to further adjustment based on the consolidated net asset value of the Disposal Group as at Completion date, which as at the date of approval of the consolidated financial statements, the latest financial information of the Disposal Group is still under review by both parties. In the opinion of the Directors, the final adjustment is not expected to result in the final consideration to be materially different to the initial consideration of HK$60,000,000.

Due to the ongoing COVID-19 pandemic and the performance of Disposal Group over the past years, the Directors had considered that the Disposal is expected to allow the Group to reallocate its resources to other business segments, in particular the PRC's property development, which are considered to have higher development potential, in order to generate more return to the Shareholders.

The Disposal Group was available for immediate sale and its sale was considered highly probable as at 31 March 2021. As at 31 March 2021, the carrying amounts of the Disposal Group would be recovered principally through a sale transaction rather than through continuing use and accordingly the Disposal Group was classified as held for sale under HKFRS 5.

The Disposal Group represents the whole licensing segment of the Group in the business of generating licensing income through the trademarks of Akai, Sansui and Nakamichi and represents a separate major line of business of the Group. The assets and liabilities of the Disposal Group, which as at 31 March 2021 was expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below). An impairment loss of approximately HK$10 million is recognised and allocated as impairment loss of brands and trademarks in profit or loss, being the difference of the Disposal Group's fair value less costs to sell and its carrying amount as at 31 March 2021.

40. DISCONTINUED OPERATION (continued)

The major classes of assets and liabilities of Unijoy Group as at 31 March 2021, which were presented as assets and liabilities associated with Disposal Group classified as held for sale respectively in the consolidated statement of financial position, were as follows:

	HK$ million
Financial assets at FVTPL	6
Brands and trademarks	59
Accounts and other receivables	1
Cash and bank balances	24
Total assets classified as held for sale	90
Accounts and other payables	6
Contract liabilities	3
Tax liabilities	16
Total liabilities classified as held for sale	25

40. DISCONTINUED OPERATION (continued)

Upon the classification of the assets and liabilities of the Disposal Group as 'Assets classified as held for sale' and 'Liabilities directly associated with assets classified as held for sale' respectively, the financial performance of the Disposal Group is reported in the current period as discontinued operations. Comparative figures in the consolidated income statement have been restated to present the financial performance related to the Disposal Group as discontinued operations. Financial information relating to the discontinued operations for the year are set out below.

	2021 HK$ million	2020 HK$ million
Revenue	**44**	58
Other income	**–***	1
Administrative expenses	**(20)**	(20)
Change in fair value of financial assets at FVTPL	**–**	(1)
Impairment loss recognised in respect of brands and trademarks, net	**–**	(73)
Profit/(loss) before taxation	**24**	(35)
Income tax	**(4)**	(4)
Profit/(loss) after taxation	**20**	(39)
Loss on measurement to fair value less costs of disposal	**(10)**	–
Profit/(loss) for the year	**10**	(39)
Profit/(loss) for the year from discontinued operation attributable to:		
– owners of the Company	**(35)**	(35)
– non-controlling interest	**45**	(4)
	10	(39)

40. DISCONTINUED OPERATION (continued)

Profit/(loss) for the year from discontinued operations included the following:

	2021 HK$ million	2020 HK$ million
Other staff costs		
– Salaries and other benefits	14	14
– Retirement benefits cost	–*	–*
Depreciation of right-of-use assets	–*	–*
Interest income	–*	(1)

Cash flows in consolidated statement of cash flows that are attributable to operating, investing and financing activities of the discontinued operations are as follows:

	2021 HK$ million	2020 HK$ million
Net cash inflow from operating activities	22	2
Net cash inflow from investing activities	–	1
Net increase in cash and cash equivalents	22	3

* The amount is less than HK$1 million.

41. CASH FLOW INFORMATION

Reconciliation of liabilities from financing activities

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

	Lease liabilities *(Note 17)* HK$ million	Amounts due to a non-controlling shareholder *(Note 31(c))* HK$ million	Amounts due to related parties *(Note 31 (a and b))* HK$ million	Interest-bearing bank loan *(Note 32)* HK$ million	Total HK$ million
At at 1 April 2019	5	–	–	–	5
Changes from financing cash flows:					
Repayments of principal portion of lease liabilities	(2)	–	–	–	(2)
Total changes from financing cash flows	(2)	–	–	–	(2)
Other changes:					
Arising on acquisition of subsidiary	–	–	212	–	212
Interest expense capitalised into properties under development *(Note 9)*	–	–	4	–	4
Additions of lease liabilities	2	–	–	–	2
Interest on lease liabilities *(Note 9)*	–*	–	–	–	–*
Total other changes	2	–	216	–	218
Foreign exchange adjustments	–	–	(3)	–	(3)
At 31 March 2020	5	–	213	–	218
Changes from financing cash flows:					
Advances from related parties/ a non-controlling shareholder	–	470	4,190	–	4,660
Increase in bank loan	–	–	–	2	2
Repayments to related parties	–	–	(967)	–	(967)
Repayments of principal portion of lease liabilities	(3)	–	–	–	(3)
Total changes from financing cash flows	(3)	470	3,223	2	3,692
Other changes:					
Interest expense capitalised into properties under development *(Note 9)*	–	7	42	–	49
Interest on bank loan	–	–	–	–*	–*
Additions of lease liabilities	1	–	–	–	1
Interest on lease liabilities *(Note 9)*	–*	–	–	–	–*
Total other changes	1	7	42	–*	50
Foreign exchange adjustments	–	–	16	–	16
At 31 March 2021	3	477	3,494	2	3,976

* The amount is less than HK$1 million.

42. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from Correspondence Year.

The capital structure of the Group consists of debt, which include amounts due to related parties/non-controlling shareholder (Note 31) and interest-bearing bank loan (Note 32), less cash and bank balances (Note 27) and equity attributable to shareholders of the Company, comprising share capital and reserves.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt.

43. EVENTS AFTER THE REPORTING PERIOD

Other than the Disposal as disclosed in Note 40, there are no other significant events after the reporting period.

44. RESTATEMENTS DUE TO DISCONTINUED OPERATIONS

The presentation of comparative information in respect of the consolidated income statement for the year ended 31 March 2021 has been restated in order to present the discontinued operations separately from continuing operations.

As the restatements do not affect the consolidated statement of financial position, it is not necessary to disclose comparative information as at 1 April 2019.

45. COMPANY LEVEL – STATEMENT OF FINANCIAL POSITION

	2021 HK$ million	2020 HK$ million
NON-CURRENT ASSETS		
Amount due from a subsidiary, less impairment	**255**	271
CURRENT ASSETS		
Due from subsidiaries	**84**	30
Prepayments, deposits and other receivables	**1**	1
Cash and cash equivalents	**–***	59
	85	90
CURRENT LIABILITIES		
Accrued liabilities and other payables	**1**	1
	1	1
NET ASSETS	**339**	360
CAPITAL AND RESERVES		
Share capital	**55**	55
Share premium	**386**	386
Reserves *(Note)*	**(102)**	(81)
TOTAL EQUITY	**339**	360

* The amount is less than HK$1 million.

Note:

Reserves movement of the Company

	Contributed reserve HK$ million	**Accumulated deficits** HK$ million	**Total** HK$ million
At 1 April 2019	193	(260)	(67)
Loss for the Corresponding Year	–	(14)	(14)
At 31 March 2020 and 1 April 2020	193	(274)	(81)
Loss for the Year	–	(21)	(21)
At 31 March 2021	193	(295)	(102)

Tan Bingzhao
Director

Deng Xiangping
Director

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements is set out below:

RESULTS

Continuing and discontinued operations	2021 HK$ million	2020 HK$ million	2019 HK$ million	2018 HK$ million	Period from 1 January 2016 to 31 March 2017 HK$ million
	Year ended 31 March				
REVENUE	**244**	240	123	171	288
(LOSS)/PROFIT FOR THE YEAR	**(58)**	(108)	73	144	2,696
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS	**(86)**	(87)	91	175	2,813

ASSETS AND LIABILITIES

	As at 31 March				
	2021 HK$ million	2020 HK$ million	2019 HK$ million	2018 HK$ million	2017 HK$ million
NON-CURRENT ASSETS	**6**	82	179	265	308
CURRENT ASSETS	**6,415**	785	465	497	536
TOTAL ASSETS	**6,421**	867	644	762	844
CURRENT LIABILITIES	**3,521**	143	29	224	96
NON-CURRENT LIABILITIES	**2,402**	230	17	22	333
TOTAL LIABILITIES	**5,923**	373	46	246	429
NET ASSETS	**498**	494	598	516	415
SHARE CAPITAL AND RESERVES	**374**	457	550	424	222
NON-CONTROLLING INTERESTS	**124**	37	48	92	193
TOTAL EQUITY	**498**	494	598	516	415

* The five year summary for this annual report has been prepared in a different form from those of previous years. Due to the disposal of the Disposal Group, the Directors are of the view that summary as prepared would represent a better comparison that is more representative of the Group's financial results for the Year.