CDH 中發展控股有限公司
Central Development Holdings Limited

Incorporated in the Cayman Islands with limited liability

Stock Code : 00475

Annual Report 2020/21

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wu Hao *(Chairman)*
Mr. Hu Yangjun
Mr. Chan Wing Yuen, Hubert *(Chief Executive)*

Non-executive Director

Mr. Li Wei Qi, Jacky

Independent non-executive Directors

Mr. Wu Chi Keung
Mr. Jin Qingjun
Ms. Sun Ivy Connie

Audit Committee

Mr. Wu Chi Keung *(Chairman)*
Mr. Jin Qingjun
Ms. Sun Ivy Connie

Remuneration Committee

Mr. Wu Chi Keung *(Chairman)*
Mr. Chan Wing Yuen, Hubert
Mr. Jin Qingjun

Nomination Committee

Mr. Wu Chi Keung *(Chairman)*
Mr. Chan Wing Yuen, Hubert
Ms. Sun Ivy Connie

Company Secretary

Mr. Chow Chi Shing

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Registered Office

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Hong Kong Branch Share Registrar and Transfer Office

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Level 54, Hopewell Centre
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Hong Kong

Principal Bankers

The Hong Kong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

Legal Advisers

Angela Ho & Associates

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

Company Website

www.475hk.com

Stock Code

475

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board" or "Directors") of Central Development Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2021 (the "Current Year").

The Current Year has been a challenging and difficult financial year, as the outbreak of the novel coronavirus pneumonia ("COVID-19") continued to affect the labour force, communities and industries around the world. The Group's overall results were also severely affected, recording a significant decline in overall sales and revenue. For the Current Year, the Group's total revenue decreased by approximately 49.2% to approximately HK$56.2 million as compared to the year ended 31 March 2020 (the "Previous Year"). Gross profit for the year also decreased by approximately 43.2%. Loss for the year attributable to owners of the Company was approximately HK$24.6 million. The decrease in revenue was mainly due to the continued impact of the pandemic on the global economy, and the lockdown measures and related restrictions imposed by various governments around the world, as well as the ongoing trade friction between the United States of America (the "U.S.") and China, which lowered the demand and sales orders from customers for the Group's solar energy products. On the other hand, the weak consumer sentiment in the jewelry market, coupled with the postponement or cancellation of multiple international jewelry exhibitions which reduced the Group's exposure to potential buyers, slowing the demand for the Group's jewelry products. In addition, the stable rental income from investment properties together with the Group's continuous effective measures for cost control helped reducing the overall impact during the Current Year, thereby ensuring the healthy development of the Group.

Going forward, the Group expects the rest of 2021 to remain challenging. The filling station acquired during the Current Year is expected to bring more business opportunities to the Group and its operation will provide a more diversified revenue base and a stable cashflow source for the Group. The Group will closely monitor the market situation while upholding the operating principle of "maintaining a healthy, stable and long-term business", and continue to adjust its business scale, strategy and costs in order to fully weather the storms ahead. Backed by the overall stability and sustainability of the business, the Group will strive to seek new development opportunities with an open-minded and innovative mindset.

On behalf of the Board, I would like to express my sincere appreciation to our employees and management team for their effort in coping with the unprecedented challenges in the Current Year. In addition, I would like to sincerely thank our shareholders, customers and business partners for their continuous trust and support to the Group.

Wu Hao
Chairman and Executive Director

Hong Kong, 25 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2021, Central Development Holdings Limited and its subsidiaries were principally engaged in the energy business and the jewelry business.

Energy Business

During the Current Year, the Group actively develops and expands its energy business in China and other regions by leveraging its proprietary technology products and continuing to work with experienced partners in the industry. The Group has integrated the operations of sales of various customised solar module intelligent technology products, including solar photovoltaic ("PV") modules, new energy smart direct current ("DC") inverters and power optimizers, the provision of energy efficiency analysis and technical improvement advisory services on solar energy projects, and the sales of refined oil into the segment of energy business in the Current Year.

The revenue recorded for the energy business decreased by approximately 52.9% from approximately HK$81.5 million for the Previous Year to approximately HK$38.4 million for the Current Year. Revenue attributable to the China market accounted for approximately 5.4% (2020: 5.8%) of the overall segment sales, while other regions, including Hong Kong, accounted for approximately 94.6% (2020: 94.2%).

As the global pandemic, namely COVID-19, continues to spread around the world and in face of the increasingly complex international economic situation, there have been great challenges and uncertainties in the business environment of the sales of solar energy products and provision of related consulting services during the Current Year. In particular, many of the Group's existing and potential customers have rescheduled or delayed the installation and construction phases of their projects due to the lockdown and isolation measures implemented by local governments in the first half of the year, resulting in significant drop in product sales and demand for consulting services. Revenue from the solar energy related product sales and service provision decreased by approximately 53.1% from approximately HK$81.5 million in the Previous Year to approximately HK$38.2 million in the Current Year.

Since the outbreak of COVID-19 in 2020, numerous lockdown measures and social distancing restrictions have been implemented by governments which significantly affected the development of the solar PV projects of governments and global enterprises around the world. The extensive impact on their projects ranged from strategic planning, project development, engineering and construction, and production and maintenance, to construction in many countries and regions, including the U.S., India and South America. The power station construction schedules of many of our existing and potential customers were delayed or suspended. As a result, the solar energy industry as a whole was severely hit in the first half of 2020. The business landscape was further complicated by the US-China trade friction which has presented challenges to the solar PV enterprises with overseas markets as their primary market were most adversely affected while shipments continued to shrink. According to the statistics published by the China Photovoltaic Industry Association, the total amount of export for PV products in China in 2020 fell as compared to the same period last year. In addition, since the installation and construction phases of distributed solar PV projects were delayed, demands for both product sales and consulting services which enjoy higher margins dropped significantly. In the second half of the year, with the successful containment of the pandemic in China, the solar PV industry gradually recovered and domestic and overseas orders began to rebound. Our sales team timely adjusted our business strategy to balance between business growth and risk exposure and, through corresponding sales representatives of Southeast Asia's construction projects in Hong Kong, successfully achieved business growth in Southeast Asia, which was less affected by the pandemic at the time.

In order to boost revenue in the second half of the year, we continue to leverage our patented technology rights to not only develop our own solar intelligent technology products, but also to produce customised solar module intelligent technology products and new energy intelligent products, such as micro DC inverters and power optimizers which could be applied in distributed solar power stations, through low-cost original equipment manufacturers ("OEMs"). Our micro inverters are more efficient, safer and simpler in design and easier to install and monitor compared to traditional string inverters and they can be widely applied to distributed power stations and large-scale solar power stations. In addition, in response to the diverse market demand for solar PV energy products, we continue to liaise and collaborate with an advanced solar PV technology solution provider and several OEMs to ensure reasonable procurement prices and reliable supply in order to meet various customised needs of our customer, thus enabling us to maintain a stable business foundation in the tough business environment during this year.

Due to the impact of the pandemic, the solar energy product market encountered high volatility in both selling prices and persistently high transportation costs, thereby dipping our year-on-year gross profit margin. In order to improve profitability, our management has taken a number of measures during the Current Year in the following areas: (i) closing down underperforming sales offices to streamline our operating network and consolidating our sales and back-office teams in China to reduce human resources costs; and (ii) adopting stringent cost control measures, while maintaining effort invested into quality control and research and development ("R&D"). The Group will continue to outsource manufacturing to further reduce expenses such as the costly upfront costs and labour costs. The Group also reduced its marketing expenditure due to the postponement or cancellation of international solar energy exhibitions and forums. During the Current Year, the growth and development plans of the Group were constantly adjusted based on financial returns and the macroeconomic environment. The reallocation of human resources and production capacity, and the optimisation of asset utilisation have helped us further reduce costs and improve efficiency, stabilise the development of business scale, enhance corporate strength, as well as maintain our competitiveness in the market and manage our products in such a tough market environment.

With a mindset of strengthening our energy business, the Group has been striving to enhance the performance of its new energy intelligent products with the focus on product R&D and innovation. Following the commencement of operation of the R&D and testing centre in Taizhou City, Jiangsu Province, more production capacity has been released from the Group's factory located in Yuyao City, Zhejiang Province (the "Yuyao Factory"). As a result, the unused capacity of the Yuyao Factory has been leased to a third party starting from 1 June 2019 for a term of 90 months to generate a stable rental income. This not only further optimises the value of the Group's assets, but also enables the Group to maintain a long-term advantage in an unstable economy, and to better meet the demands of a more diversified market in the future.

In addition, the Group has been actively seeking to develop and expand its energy business. Thus, in October 2020, the Group entered into an equity transfer agreement for the acquisition of 51% equity interests in Chengdu Kaibangyuan Trading Co., Ltd.* (成都凱邦源商貿有限公司) ("Chengdu Kaibangyuan") from an independent third party vendor at a consideration of RMB30,600,000. The acquisition was completed in early March 2021. Chengdu Kaibangyuan owns two office premises in Chengdu City, Sichuan Province, China, a government-approved land use right for a filling station and a filling station with integrated structure and equipment (the "Filling Station") in Qingbaijiang District, Chengdu, and holds licences and permits for the sale of refined oil at the Filling Station, including the "Business Permit for the Operation of Hazardous Chemicals" (《危險化學品經營許可證》) for the sale of refined oil and liquefied natural gas ("LNG"), and the "Approval Licence for the Retail Operation of Refined Oil" (《成品油零售經營批准證書》) for the operation of refined oil refilling business.

The Group is planning to make use of the infrastructure assets of the Filling Station for the pilot construction and promotion of distributed solar PV power stations to expand the market share of the Group's solar energy products. Moreover, the sales of refined oil from the operation of the Filling Station can also improve the diversity of the Group's revenue stream and provide a stable cash flow for the Group.

Jewelry Business

During the Current Year, the Group was principally engaged in the provision of products to jewelry distributors and retail customers. However, revenue from the jewelry business decreased by approximately 38.9% from approximately HK$29.2 million in the Previous Year to approximately HK$17.8 million in the Current Year due to the decrease in sales volume in Hong Kong and China. Sales in Hong Kong accounted for approximately 34.2% (2020: 46.7%) of the overall segment sales, while sales in China accounted for approximately 65.8% (2020: 53.3%).

The social unrest in Hong Kong in mid-2019, followed by the COVID-19 outbreak and the disappearance of tourists have posed a significant challenge to our jewelry business. Throughout the year, tourism was weakened and the jewelry markets in Hong Kong and China were struggling to operate. The stringent social distancing and anti-epidemic measures implemented to contain the spread of the COVID-19 virus caused the Group's downstream retail customers to suffer from weak consumer sentiment, further dampening the demand for jewelry products. Consumer confidence and spending in the jewelry industry have been on a steep decline, which is unprecedented in the past. Furthermore, the COVID-19 pandemic has caused restrictions in travelling worldwide and, as such, our business travelling was adversely affected during the year, with the inability of the management and sales team to travel to meet existing customers and develop new customers. Many potential buyers also cancelled their trips to Hong Kong and China, reducing the chances for us to capture business opportunities. Most of the trade shows, jewelry fairs and major exhibitions were also cancelled or postponed due to the COVID-19 pandemic.

In response to the challenges posed by COVID-19, we have swiftly implemented a number of mitigation measures, including the reduction of operating and administrative overheads in our day-to-day operations to improve operational efficiency. In addition, we have been developing plans to expand our sales channel into the e-commerce field and negotiating with any potential e-commerce operations solution providers to diversify and broaden revenue streams. Nevertheless, our jewelry sales team, with their professionalism and dedication to their roles, maintained good relationships with customers and suppliers during this difficult year and continued to build up our reputation for any potential business opportunities.

PROSPECTS

"Dual Carbon" Goals Aiming to Accelerate the Development of Clean Energy

In order to achieve the long-term goals of "peaking carbon emissions and achieving carbon neutrality" ("Dual Carbon"), China will strive to peak its carbon emissions before 2030 and achieve carbon neutrality before 2060 in accordance with the timetable set out in the 14th Five-Year (2021-2025) Plan. Accordingly, during the 14th five-year period, the average annual PV installation in China will be no less than 70,000 megawatts (MW). Globally, more than 25 countries have pledged for net zero carbon emissions in the next few decades, and carbon neutrality has become a global consensus among major countries, with clean energy (such as renewable energy) being elevated to a more important status and bringing in more development opportunities. The Group will also seize opportunities to develop and expand its energy business, while further exploring development models in relation to the integration with energy storage and other clean energy sources in the long-run, with the aim of becoming a preferred supplier of integrated clean energy products and solutions.

With the favourable national policy and the gradual alleviation of the COVID-19 pandemic in China, we are well prepared to commence a series of marketing activities to enhance our brand image. Our business team intends to actively participate in international and local exhibitions and forums for the industries to promote our products and services domestically and overseas. The Group will also continue to look for suitable strategic partners to enrich the product portfolio of clean energy, including solar energy, and to reach out for new and suitable markets. Investments on R&D will also be maintained to develop more advanced products and innovative production technologies.

We believe that the demand for clean energy will still be rising steadily in the future post-pandemic period. Taking solar energy for example, although the demands in mature markets such as Europe were levelling off during the year, emerging markets such as Southeast Asia still have a large number of solar PV projects in the pipeline catering for construction, and as such, global PV demand is forecasted to increase in coming year. Nevertheless, if the global pandemic persists and worsens, the demands being released from India, the U.S. and emerging markets may not be able to meet the expectation, and the prices of raw material may rise which may then result in higher prices for end-users, both of which cast shadow for future overseas demand. On the other hand, we strongly believe that our base in China put us in a competitive position since China is a huge market with high domestic demand potential given the long-term positive fundamentals of the economy in China and the strong medium to high economic growth trend. In light of the strong and urgent demand and the high purchasing power of people in China, the domestic market will become a key driver of our future business growth.

Delivering on the Energy Business Expansion Strategy

In addition to the traditional large-scale centralised solar PV power stations, we see the expansion of the application of distributed solar PV stations. In recent years, a number of large, centrally-owned energy enterprises in China have launched pilot projects and operations to build solar PV power stations at filling stations in different provinces and cities such as Zhejiang, Suzhou, Guangdong and Yunnan. They have also been promoting the use of the grid connection model of "self-generation for self-use and surplus on-grid", which has been proven to be economically efficient, safe and has significant energy-saving and emission-reducing effects, enabling filling stations to provide clean electricity, save energy and protect the environment at the same time, and thereby become carbon-neutral filling stations that combine green and environmental protection with filling services.

In view of the Ministry of Commerce of the People's Republic of China ("PRC") having fully lifted the relevant restriction on Chinese ownership for investment and operation of filling stations in China in 2020, we have decided to acquire the Filling Station this year in order to capitalise on the rapid growth of the market. We plan to make use of the idle space on its rooftops to conduct pilot construction of distributed solar PV power stations using our solar PV intelligent products, in order to promote our products and attract other potential customers who operate filling stations to build solar PV power stations, thereby increasing the market share and revenue of the Group's solar energy products.

Meanwhile, we expect that the current filling and selling of refined oil at the Filling Station will bring additional revenue and cash flow to the Group as a whole as the "streamline-delegate-services" (i.e. streamline administration, delegate power, and improve services) policy in China continues to be implemented. Moreover, the Filling Station is located in close proximity to the Chengdu Railway Container Terminal that operates the China Rail Express from China to Europe, the Chengdu Pilot Free Trade Zone and the Chengdu International Railway Port, which has a dense traffic flow and an abundant source of customers, and the Filling Station has signed a long-term oil supply agreement with a major state-owned refined oil supplier, which provides a stable supply chain. The Filling Station will further expand our brand in the China energy sector and advance our expansion strategy.

The "New Infrastructure Plan" and the "14th Five-Year Plan" have also brought new opportunities for the transform and upgrade of the oil and gas industry, with the demand for LNG in China expected to continue to rise. In view of this, spaces for LNG filling services have been reserved during the construction of the Filling Station, and we are actively preparing for the sale of LNG and plan to add LNG filling services to our Filling Station to maximise the synergy between the sale of refined oil and LNG at the Filling Station and to facilitate business diversification. In summary, the acquisition of Chengdu Kaibangyuan and its Filling Station provides us with the opportunity to leverage the infrastructure of the Filling Station to develop solar energy products while adding the sales of other clean energy products to our business, thereby promoting the wider application of clean energy, addressing the issue of energy saving and emission reduction, and achieving the "peaking carbon emissions and achieving carbon neutrality" goals.

As the technology for new energy projects advances, and the development model continues to mature, the development of filling stations will integrate with the new energy automobile industry, and solar PV will no longer be solely developed as a power source, but will gradually shift to an integrated development model of combining PV, energy storage and charging. Therefore, we will leverage our experience in solar PV and energy storage to actively explore the development of integrated filling stations with solar PV, energy storage and charging, in order to expand our market share. The Group will continue to assess the market situation and to strengthen our foundation in the China market, while further exploring development opportunities in different markets, adhering to the general operating principle of seeking stability amidst changes and striving for progress amidst stability, thereby creating long-term value for shareholders.

A Challenging Business Environment for Jewelry Market

Entering the second half of 2021, we believe that our jewelry business will continue to be adversely affected as long as the COVID-19 persists. The pace of China's economic rebuilding is critical to the recovery of the world economy and our business prospects. On the other hand, it is uncertain when will the travel restrictions measures in relation to COVID-19 be relaxed and the number of overseas visitors to Hong Kong may continue to be restricted, coupled with crowd control measures, which will hamper the recovery prospects of the Hong Kong jewelry industry and will continue to affect the Group's business in the Hong Kong market in the short term.

Despite the unfavourable business environment and increasing competition in the market, we will strive to cope with the negative impact by closely monitoring our business operations, controlling costs and reducing unnecessary expenses. In addition, we will continue to explore business opportunities and sales channels, increase our product selection to meet the latest market trends and expand into other sales channels such as online distribution and third-party reselling. Building on our established customer and supplier bases in Hong Kong and China, we will accelerate our efforts to identify suitable partners to enrich our product range and further explore new markets to expand our revenue streams.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Current Year was approximately HK$56.2 million, representing a decrease of approximately 49.2% as compared to approximately HK$110.6 million for the Previous Year. The decrease was mainly attributable to the result of the decrease in sales volume of the products of both the energy business and jewelry business.

Revenue of the energy business amounted to approximately HK$38.4 million (2020: HK$81.5 million) was contributed by the sales of solar energy products, service income of technical improvement on solar energy projects and sales of refined oil. The revenue of sales of solar energy products and service income decreased by approximately 53.1% from approximately HK$81.5 million for the Previous Year to approximately HK$38.2 million for the Current Year. It was primarily attributable to the decline in sales orders of our solar intelligent technology products due to the worldwide COVID-19 outbreak as well as the prolonged escalated Sino-US trade conflicts which affected the overseas markets. The Group recorded the sales of refined oil amounted to approximately HK$0.2 million for the Current Year (2020: Nil), which was derived from the operation of the Filling Station acquired during the Current Year.

Revenue of the jewelry business decreased by approximately 38.9% from approximately HK$29.2 million for the Previous Year to approximately HK$17.8 million for the Current Year due to the weak consumer sentiment of jewelry market in both Hong Kong and China and fewer meeting opportunities with potential buyers caused by the outbreak of COVID-19 as well as the continuing lockdown and strict social distancing measures related to COVID-19 during the Current Year.

Cost of Sales and Gross profit

Cost of sales of the Group for the Current Year was approximately HK$54.0 million, representing a decrease of approximately 49.4%, as compared to approximately HK$106.8 million for the Previous Year. Gross profit decreased from approximately HK$3.8 million for the Previous Year to approximately HK$2.2 million for the Current Year, representing a decrease of approximately 43.2%. The decrease was mainly attributable to the decrease in income of technical improvement services on solar energy projects and the sales volume of both solar energy products of the energy business and products of the jewelry business during the Current Year.

Meanwhile, gross profit margin increased from 3.5% for the Previous Year to 3.9% for the Current Year. The increase was primarily attributable to the effort of the salespersons of our jewelry business and their continuous focus on business opportunities with better customer profitability.

Other income

Other income increased from approximately HK$3.2 million for the Previous Year to approximately HK$5.3 million for the Current Year, representing an increase of approximately 63.6%, which was mainly attributable to the rental income from our investment properties and the government subsidy granted in our operating region during the Current Year.

Other gains and losses, net

The Group recorded net other gain of approximately HK$4.1 million for the Current Year (2020: net other losses of approximately HK$6.6 million). The change was mainly attributable to the net foreign exchange losses of approximately HK$0.2 million recorded for the Current Year (2020: HK$0.5 million), a gain from change in fair value of investment properties of approximately HK$1.3 million was recorded for the Current Year (2020: HK$0.1 million) and the gains from disposal of subsidiaries of approximately HK$3.0 million (2020: Nil) arising from the adjustment of operation network of the Group by closing down non-performing sales offices in Nanjing City and Taizhou City during the Current Year.

Impairment loss on trade receivables under expected credit loss (“ECL”)

The Group recorded an impairment loss on trade receivables under the ECL model amounted to approximately HK$1.2 million for the Current Year (2020: Nil). The management of the Group will continue to conduct regular review of the debtors’ repayment histories, resources and financial capabilities to ensure the ability of repayment within the credit period.

Impairment loss on property, plant and equipment and right-of-use assets

The Group recorded an impairment loss on property, plant and equipment and right-of-use assets amounted to approximately HK$4.2 million (2020: Nil) and HK$3.5 million (2020: Nil) respectively for the Current Year.

Selling and distribution costs

Selling and distribution costs decreased from approximately HK$6.2 million for the Previous Year to approximately HK$2.2 million for the Current Year, representing a decrease of approximately 64.9%, which was primarily attributable to the decrease in exhibition and marketing activities due to the lockdown and strict social distancing measures related to COVID-19 and the consolidation of sales team during the Current Year.

Administrative expenses

Administrative expenses decreased from approximately HK$25.1 million for the Previous Year to approximately HK$20.4 million for the Current Year, representing a decrease of approximately 18.7%, which was mainly attributable to the effect of the implementation of tightened cost control and the consolidation of back-office team in China during the Current Year.

Other expenses

Other expenses amounted to approximately HK$1.3 million (2020: HK$3.2 million) mainly represented the expenditure on R&D of solar intelligent technology products in development stage during the Current Year.

Equity-settled share-based payments

Equity-settled share-based payments for the Previous Year amounted to approximately HK$0.8 million represented the amortized cost of share-based payment expenses in connection with the grant of share options. The Group did not have any equity-settled share-based payments during the Current Year.

Finance costs

Finance cost represented the imputed interest derived from the long term loans from a controlling shareholder amounted to approximately HK$3.4 million (2020: HK$4.9 million), the interest derived from lease liabilities amounted to approximately HK$0.2 million (2020: HK$0.2 million) and the interest derived from the long term bank loan amounted to approximately HK$1.6 million for the Current Year (2020: HK$1.4 million).

Income tax expense

Income tax expense of the Group recorded for the Current Year amounting to approximately HK$0.7 million (2020: HK$0.1 million) mainly attributable to the provision of deferred tax expense arising from the Yuyao Factory during the Current Year.

Loss for the year attributable to the Owners of the Company

By reason of the factors stated above and the loss shared by the non-controlling interests increased, the loss for the year attributable to the owners of the Company decreased from approximately HK$33.5 million for the Previous Year to approximately HK$24.6 million for the Current Year, representing a decrease of approximately 26.5%. Basic loss per share was 6.61 HK cents (2020: 9.86 HK cents).

Liquidity and Financial Position

As at 31 March 2021, the Group had net current assets and current ratio stood at approximately HK$22.7 million and 1.5 respectively (31 March 2020: HK$44.1 million and 2.4 respectively).

As at 31 March 2021, the bank balances and cash amounted to approximately HK$37.3 million (31 March 2020: HK$37.3 million). As at 31 March 2021, the inventories amounted to approximately HK$6.8 million (31 March 2020: HK$6.8 million), mainly representing the finished goods of solar thermal cooling-stored pipes and solar modules intelligent technology products. As at 31 March 2021, the trade receivables and trade payables amounted to approximately HK$8.1 million and HK$7.7 million respectively (31 March 2020: HK$15.5 million and HK$14.8 million respectively), both of which were mainly derived from the energy business. As at 31 March 2021, the Group's property, plant and equipment, right-of-use assets and investment properties amounted to approximately HK$21.4 million, HK$10.1 million and HK$79.3 million respectively (31 March 2020: HK$43.1 million, HK$11.4 million and HK$22.2 million respectively). The investment properties of the Group located in Factory No. 1 and Factory No. 2, No. 61, Haichao Road, Sino-Italy Ningbo Ecological Park, Yuyao of Zhejiang Province of the PRC, both of them are mainly used as factory currently and held on medium term lease. The investment properties held under operating leases to earn rentals are revalued by an independent firm of professional property valuer on an open market value basis and are measured using the fair value model for both years. The Group has 100% interest in the said investment properties.

As at 31 March 2021, the net carrying amount of the intangible assets was approximately HK$55.5 million (31 March 2020: Nil), which represented the operating rights in relation to the relevant certificates, licenses and approvals for the operations of the Filling Station and the sale of refined oil with finite useful lives. The intangible assets were arising from the acquisition of Chengdu Kaibangyuan in the Current Year.

Capital Resources and Gearing

As at 31 March 2021, the Group had an interest-bearing bank borrowing amounted to approximately HK$25.7 million (31 March 2020: HK$25.9 million) and bore an effective interest rates of 3.4% per annum (31 March 2020: 3.9%), of which approximately HK$2.5 million (31 March 2020: HK$2.1 million) will be repayable within one year and approximately HK$23.2 million (31 March 2020: HK$23.8 million) will be repayable after one year. The Group's gearing ratio (which was expressed as a percentage of total bank borrowing over total equity) was approximately 48.2% as at 31 March 2021 (31 March 2020: 119.6%).

The bank borrowing was secured by the Group's assets, for details of the charges on Group's assets, please refer to the section headed "Charges On Group Assets" in this announcement. Save as disclosed above, the Group has no other banking facilities (31 March 2020: Nil). As at 31 March 2021, the Group had interest-free loans due to a controlling shareholder of approximately HK$104.8 million (31 March 2020: HK$72.1 million) which will be repayable after one year and had interest-free loans due to a shareholder amounted to approximately HK$5.0 million (31 March 2020: HK$4.8 million) which will be repayable within one year.

The Group principally meets its working capital requirement and other liquidity requirements through a combination of operating cash flows, interest-free loans due from a shareholder and a controlling shareholder and bank balances during the Current Year.

Capital Structures

The Group's total assets and total liabilities as at 31 March 2021 amounted to approximately HK$235.1 million (31 March 2020: HK$151.9 million) and approximately HK$181.8 million (31 March 2020: HK$130.2 million) respectively. The Group's debt ratio (which was expressed as a percentage of total liabilities over total assets) was approximately 77.3% as at 31 March 2021 (31 March 2020: 85.7%).

Charges on Group Assets

As at 31 March 2021, the buildings with carrying amounts of approximately HK$4.5 million (31 March 2020: HK$32.9 million), the right-of-use assets with carrying amounts of approximately HK$5.8 million (31 March 2020: HK$8.5 million) and the investment properties with carrying amounts of approximately HK$79.3 million (31 March 2020: HK$22.2 million), were pledged to a bank in China as collateral security for a bank borrowing amounted to approximately HK$25.7 million (31 March 2020: HK$25.9 million).

Capital Commitments and Contingent Liabilities

As at 31 March 2021, the Group did not have any capital commitments (31 March 2020: Nil).

As at 31 March 2021, the Group did not have any significant contingent liabilities (31 March 2020: Nil).

Employee and Remuneration Policy

As at 31 March 2021, the Group had a total of 39 employees (2020: 67). The Group remunerates its employees based on their performance and work experience and the prevailing market rates. Salaries of employees are maintained at competitive levels while bonuses are granted by reference to the performance of the Group and individual employees.

The Group also provides internal training to employees when necessary and other staff benefits which include share option scheme and corporate contribution to the statutory mandatory provident fund scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in China.

Foreign Exchange Fluctuation and Hedges

The business operations of the Group's subsidiaries were conducted mainly in China and Hong Kong with sales and purchases of the Group's subsidiaries denominated mainly in Hong Kong dollars, Renminbi and United States dollars ("USD"). The Group's cash and bank deposits were denominated in Hong Kong dollars, Renminbi and USD as well. Any significant exchange rate fluctuation of Hong Kong dollars against USD or Renminbi may have financial impacts on the Group. While the Group would closely monitor the volatility of the foreign exchange rate, the Directors considered that the Group's risk exposure to foreign exchange rate fluctuation remained minimal currently.

As at 31 March 2021, no forward foreign currency contracts are designated in hedging accounting relationships (2020: Nil).

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Acquisition of 51% equity interest in Chengdu Kaibangyuan

On 10 October 2020, the Company entered into an equity transfer agreement (the "Equity Transfer Agreement") with Sichuan Huahan Energy Development Co., Ltd.* (四川華漢能源開發有限公司) as the vendor (the "Vendor") and Chengdu Kaibangyuan as the target company. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and Chengdu Kaibangyuan were both independent third parties. Pursuant to the terms and conditions of the Equity Transfer Agreement, the Company (or its wholly-owned nominee subsidiary) agreed to acquire, and the Vendor agreed to sell, 51% equity interest in Chengdu Kaibangyuan for an aggregate consideration of RMB30.6 million (the "Acquisition").

The completion of the Acquisition took place on 8 March 2021. Upon the completion, the Company, through its wholly-owned subsidiary, Beijing Jianxinyuan Trading Company Limited* (北京建新源貿易有限公司), is interested in 51% of the entire equity interest of Chengdu Kaibangyuan. Chengdu Kaibangyuan has become an indirect non wholly-owned subsidiary of the Company and the financial results of which are consolidated into the financial statements of the Group. Up to the date of this report, the aggregate consideration of RMB30.6 million has been paid to the Vendor.

Chengdu Kaibangyuan is located in Chengdu City of Sichuan Province in China. The Group plans to make use of the Filling Station's assets to conduct pilot construction and promote the distributed solar PV power station in order to increase the market share for solar energy products. In the meantime, the revenue generated from the sales of refined oil provided cash inflow to support the growth of the Group. Furthermore, Chengdu Kaibangyuan is actively preparing for the expansion of the Filling Station to provide LNG with a view to develop the Filling Station into an integrated filling station. For details of the Acquisition, please refer to the announcements of the Company dated 11 October 2020, 27 October 2020, 31 December 2020 and 8 March 2021. Save as disclosed above and in this report, there had been no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Current Year.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this report, the Group did not have any plans for material investments and capital assets as at 31 March 2021.

Events After the Reporting Period

On 19 April 2021, the Company entered into a subscription agreement with an independent third party (the "Subscriber") in relation to the subscription of 15,300,000 shares of the Company to the Subscriber at the subscription price of HK$0.75 per subscription share (the "Subscription"). The Subscription was completed on 4 June 2021, please refer to the announcements of the Company on 19 April 2021, 12 May 2021 and 4 June 2021 for further details. A total of 15,300,000 new shares of the Company have been allotted and issued to the Subscriber. The gross proceeds and net proceeds from the Subscription was HK$11,475,000 and approximately HK$11,410,000 respectively.

Save as disclosed above, the Group had no material event after 31 March 2021.

DIRECTORS AND COMPANY SECRETARY

Executive Directors

Mr. Wu Hao, aged 47, is our chairman and an executive Director. He joined the Group in February 2012 and is responsible for overall strategic planning and development. He has held directorship position within the other member of the Group. In 2008, Mr. Wu Hao joined Xinjiang Lian Rui Mining Company Limited* (新疆聯瑞礦業有限公司), which is principally engaged in mining resources business, and was appointed as its vice chairman in 2009. Mr. Wu Hao graduated in legal professional studies from Correspondence Institute of Party School of the Central Committee of Communist Party of China* (中共中央黨校函授學院) in 2002.

Mr. Hu Yangjun, aged 47, is an executive Director. He joined the Group in November 2011 and is responsible for reviewing and improving the operations of the Group. Mr. Hu Yangjun has corporate management experience in information technology and international trade and has worked in Zhejiang Orient Group* (浙江東方集團) and Zhejiang Ju Neng Dongfang Holdings Company Limited* (浙江巨能東方控股有限公司). Mr. Hu Yangjun was previously an executive director of Shenghua Lande Scitech Limited (stock code: 8106) and Neo Telemedia Limited (stock code: 8167), both companies listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Hu Yangjun graduated from Anhui Normal University and he is currently a member of All-China Youth Federation.

Mr. Chan Wing Yuen, Hubert ("Mr. Chan"), aged 63, is our chief executive and an executive Director. He joined the Group in November 2011 and is responsible for business policy formulation and execution. He has held directorship position within the other members of the Group. Mr. Chan has been an executive director of Zhonghua Gas Holdings Limited (stock code: 8246) since August 2014, a company listed on the GEM of the Stock Exchange. Mr. Chan has also been an independent non-executive director of Tian Ge Interactive Holdings Limited (stock code: 1980) since June 2014 and FIT Hon Teng Limited (stock code: 6088) since November 2016, both companies listed on the Stock Exchange. Mr. Chan spent over ten years with the Stock Exchange and his last position was director of the listing division in charge of the China Listing Affairs Department. He also held various positions with companies listed on the Stock Exchange. Mr. Chan was previously a director of Guangdong Investment Limited (stock code: 270), an independent non-executive director of China Smarter Energy Group Holdings Limited (stock code: 1004), an executive director and the chief executive of EverChina Int'l Holdings Company Limited (stock code: 202) and an executive director of Softpower International Limited (stock code: 380). He was also an independent non-executive director of Xinjiang La Chapelle Fashion Co., Ltd, a company listed on the Stock Exchange (stock code: 6116) and The Shanghai Stock Exchange (stock code: 603157). Mr. Chan obtained a higher diploma in company secretaryship and administration from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). Mr. Chan is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries and is also a member of both Hong Kong Securities and Investment Institute and The Hong Kong Institute of Directors. Mr. Chan is a member of the Chinese People's Political Consultative Conference — Heilongjiang Province Committee in the PRC.

Non-executive Director

Mr. Li Wei Qi, Jacky ("Mr. Li"), aged 49, was appointed as a non-executive Director in November 2011. Mr. Li has experience in the financial services field. Mr. Li is currently vice president of the marketing department of Emperor Bullion Investments (Asia) Limited, Emperor Futures Limited, Emperor Securities Limited and Emperor Wealth Management Limited. He is also a licensed representative under the Securities and Futures Ordinance (the "SFO") to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities, a licensed representative of the Professional Insurance Brokers Association to carry on long term insurance (including linked long term insurance) and general insurance regulated activities, a licensed representative of the Mandatory Provident Fund Schemes Authority to carry on related regulated activities and an account executive registered with The Chinese Gold & Silver Exchange Society. Mr. Li was previously vice president of the marketing department of Tanrich Futures Limited and was a person licensed by the Securities and Futures Commission for dealing and advising in futures contracts and asset management.

Independent non-executive Directors

Mr. Wu Chi Keung ("Mr. Wu"), aged 64, was appointed as an independent non-executive Director in November 2011. Mr. Wu has experience in the financial audit field and was a partner of Deloitte Touche Tohmatsu. Mr. Wu has been an independent non-executive director of China Medical System Holdings Limited (stock code: 867) since June 2010, Jinchuan Group International Resources Co., Ltd (stock code: 2362) since January 2011, Huabao International Holdings Limited (stock code: 336) since August 2013, Huajin International Holdings Limited (stock code: 2738) since March 2016 and Zhou Hei Ya International Holdings Company Limited (stock code: 1458) since October 2016, all companies listed on the Stock Exchange. Mr. Wu was previously an independent non-executive director of YuanShengTai Dairy Farm Limited (stock code: 1431), a company listed on the Stock Exchange. Mr. Wu graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a higher diploma in accountancy. He is an associate of the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom (the "ACCA").

Mr. Jin Qingjun ("Mr. Jin"), aged 63, was appointed as an independent non-executive Director in October 2017. Mr. Jin is currently a senior partner of King & Wood Mallesons and a legal counsel for various securities companies and listed companies. His major areas of practice include securities, finance, investment, corporate, insolvency as well as foreign-related legal affairs. Mr. Jin is one of the first lawyers who were granted Security Qualification Certificate in the PRC and has focused on securities-related legal affairs for more than 20 years. Mr. Jin previously served as General Counsel of Shenzhen Stock Exchange and a member of its Listing Supervisory Council. In 2012, he was named one of the Top 10 PRC Lawyers of the Year and PRC Securities Lawyer of the Year. Mr. Jin has been an independent non-executive director of Times China Holdings Limited (stock code: 1233) since October 2015, Sino-Ocean Group Holding Limited (stock code: 3377) since March 2016, Bank of Tianjin Co., Ltd. (stock code: 1578) since March 2017 and Goldstream Investment Limited (stock code: 1328) since December 2019, all companies listed on the Stock Exchange. He has also been a director of Shenzhen Kingkey Smart Agriculture Times Co. Ltd. (stock code: 000048), a company listed on the Shenzhen Stock Exchange, since September 2018, an independent director of Shenzhen Cheng Chung Design Co. Ltd. (stock code: 002811), a company listed on the Shenzhen Stock Exchange, since September 2018 and an independent non-executive director of Guotai Junan Securities Co., Ltd., a company listed on the Stock Exchange (stock code: 2611) and the Shanghai Stock Exchange (stock code: 601211), since January 2013. Mr. Jin was an independent director of Gemdale Corporation, (stock code: 600383), a company listed on the Shanghai Stock Exchange. He was also an independent director of Masterwork Group Co., Ltd. (stock code: 300195), Dagang Holding Group Co., Ltd. (stock code: 300103) and CSG Holding Co. Ltd (stock code: 000012, 200012), all of which are companies listed on the Shenzhen Stock Exchange. He was also a director of Konka Group Co., Ltd. (stock code: 000016, 200016), a company listed on the Shenzhen Stock Exchange. He was also an external supervisor of China Merchants Bank Co., Ltd. a company listed on the Stock Exchange (stock code: 3968) and on the Shanghai Stock Exchange (stock code: 600036). Mr. Jin is also an independent director of Invesco Great Wall Fund Management Co., Ltd. Mr. Jin obtained a bachelor of the arts in English from Anhui University. He received a master's degree in International Law from China University of Political Science and Law and a graduate diploma from the John F. Kennedy School of Government, Harvard Kennedy School. Mr. Jin is an adjunct professor at Chinese Academy of Governance, China University of Political Science and Law and Renmin University of China Lawyer College; a co-tutor for students of master's degree at the School of Law, Tsinghua University, an arbitrator of Shenzhen Court of International Arbitration, Shanghai International Economic and Trade Arbitration Commission and Arbitration Foundation of Southern Africa, a member of the Inter-Pacific Bar Association, and the PRC legal counsel of US Court of Appeals for the Washington D.C Circuit.

Ms. Sun Ivy Connie ("Ms. Sun"), aged 42, was appointed as an independent non-executive Director in November 2018. Ms. Sun is experienced in primary market investments, fund raising and fund management. She is currently the director, as well as the founder, of a fund management institution focusing on privately offered investment funds. Ms. Sun had worked at a British law firm in Hong Kong and a PRC law firm in Beijing, China. During her practise, she specialised in merges and acquisitions, financial restructuring and listing. Ms. Sun obtained a Bachelor of Laws from Victoria University of Wellington in New Zealand. She was admitted as a barrister and solicitor of the High Court of New Zealand.

Company secretary

Mr. Chow Chi Shing ("Mr. Chow"), aged 41, is the financial controller and company secretary of the Group. He joined the Group in year 2015 and is responsible for the financial and accounting and company secretarial matters of the Group. Mr. Chow is experienced in the accounting and finance field, as well as in company secretarial practices. He worked in a leading international audit firm, companies listed on the Stock Exchange and a multi-national corporation. Mr. Chow graduated with a bachelor degree in accounting from the Hong Kong University of Science and Technology. Mr. Chow is a member of the HKICPA and a fellow member of the ACCA.

CORPORATE GOVERNANCE REPORT

The Board and the management of the Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize effective internal control, accountability and transparency of the Board and are adopted in the best interest of the Company and its shareholders (the "Shareholder(s)").

Compliance with the Corporate Governance Code

The Company continues to achieve high standards of corporate governance which, it believes, is crucial to the development of the Company and to safeguard the interest of the Shareholders.

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules"). The Company has applied the principles and complied with all the applicable code provisions set out in the CG Code throughout the year ended 31 March 2021.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, they confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 March 2021.

Board of Directors

The Board sets directions and formulates overall strategies of the Group, monitors its overall performance and maintains effective supervision over the management running the Group through relevant committees of the Board. In particular, the Board oversees the implementation of strategies by management, reviews the operational and financial performance, and provides oversight to ensure that a sound system of internal control and risk management is in place. Each Director ensures that he/she carries out his/her duties in good faith and in compliance with the standards of applicable laws and regulations, and acts in the interest of the Company and its Shareholders at all times.

Board Composition

As at the date of this report, the Board comprises seven Directors, including three executive Directors, namely, Mr. Wu Hao (Chairman), Mr. Hu Yangjun and Mr. Chan Wing Yuen, Hubert; a non-executive Director, namely Mr. Li Wei Qi, Jacky; and three independent non-executive Directors, namely, Mr. Wu Chi Keung, Mr. Jin Qingjun and Ms. Sun Ivy Connie. Biographical details of the Directors are set out under the section headed "Directors and Company Secretary" on pages 15 to 18 of this annual report. The composition of the Board is in accordance with the requirement of rule 3.10 of the Listing Rules. There are three independent non-executive Directors and one of them has accounting professional qualification. One-third of the members of the Board are independent non-executive Directors. In compliance with code provision A.1.8 of the CG Code, the Company has arranged appropriate insurance cover in respect of potential legal actions against its directors.

The presence of three independent non-executive Directors is considered by the Board to be a reasonable balance between executive and non-executive Directors. The Board is of the opinion that such balance can provide adequate checks and balances to safeguard the interests of Shareholders and of the Group. The independent non-executive Directors provide to the Group a wide range of expertise and experience so that independent judgement can be exercised effectively. They have also participated in Board meetings and general meetings, dealt with potential conflicts of interest, served on the audit committee, remuneration committee and nomination committee of the Company and scrutinized the Group's performance and reporting. Through their active participation, the management process of the Company can be critically reviewed and controlled.

The Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. All Directors have given sufficient time and attention to the Company's affairs. The Board believes that the ratio between executive Directors and independent non-executive Directors provides reasonable and adequate checks and balances for the Board in the decision making process. The Board is responsible for the appointment of new Director and nomination for re-election by the Shareholders at the annual general meeting of the Company. Under the articles of association of the Company (the "Articles of Association"), the Board may from time to time appoint a Director either to fill a vacancy or as an addition to the Board. Any new Director appointed to fill a casual vacancy or as an addition to the existing Board shall hold office until the next annual general meeting after his/her appointment and shall then be eligible for re-election at such meeting.

Independence

The Company has received an annual confirmation of independence from each of the independent non-executive Director in accordance with Rule 3.13 of the Listing Rules and each of them has declared fulfilment of all the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules. Accordingly, the Company considers that all the independent non-executive Directors are independent.

All independent non-executive Directors are identified as such in all corporate communications containing the names of the Directors.

Board and General Meetings

During the year, five full board meetings and one general meeting were held. The Directors attended those meetings in person, by phone or through other electronic means of communication. The external auditor has attended the annual general meeting of the Company held on 3 September 2020 (the "2020 AGM") to answer questions. The attendance of each Director is set out as follows:

	Attendance/Number of meetings held during the tenure of directorship	
Name	**Board meetings**	**General meeting**
Executive Directors		
Mr. Wu Hao	5/5	1/1
Mr. Hu Yangjun	5/5	1/1
Mr. Chan Wing Yuen, Hubert	5/5	1/1
Non-executive Director		
Mr. Li Wei Qi, Jacky	5/5	1/1
Independent non-executive Directors		
Mr. Wu Chi Keung	5/5	1/1
Mr. Jin Qingjun	5/5	1/1
Ms. Sun Ivy Connie	5/5	1/1

Management Function

The Articles of Association set out matters which are specifically reserved to the Board for its decision. The management team meets together regularly to review and discuss with the executive Directors day-to-day operational issues, financial and operating performance as well as to monitor and ensure that the management is carrying out the directions and strategies set by the Board properly.

Relationships Between Directors

Mr. Wu Hao, the chairman and an executive Director, is a cousin of Mr. Hu Yangjun, an executive Director. To the best knowledge of the Company, save as disclosed herein, during the year, none of the other current Directors has or maintained any financial, business, family or other material, relevant relationship with any of the other Directors.

Training and Support of Directors

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the Listing Rules and other applicable regulatory requirement(s) to ensure compliance and to enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

All Directors, namely Mr. Wu Hao, Mr. Hu Yangjun, Mr. Chan Wing Yuen, Hubert, Mr. Li Wei Qi, Jacky, Mr. Wu Chi Keung, Mr. Jin Qingjun and Ms. Sun Ivy Connie confirmed that they have complied with code provision A.6.5 of the CG Code on Directors' training. All Directors have participated in continuous professional development by reading materials or participating courses, seminars and online debriefs regarding taxation, compliance, and global economic development to develop and refresh their knowledge.

The Roles of the Chairman and Chief Executive

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Wu Hao, the chairman of the Board, is responsible for the leadership and effective running of the Board and ensuring that all material issues are discussed by the Board in a timely and constructive manner while Mr. Chan Wing Yuen, Hubert, the chief executive of the Group, is responsible for running the Group's business and the implementation of the approved strategies of the Group.

Non-Executive Directors

The term of the appointment letters of all the non-executive Directors (including independent non-executive Directors) are for a fixed term of one year and will be renewed automatically if no objection is raised by both parties.

All Directors (including the executive Directors) are subject to retirement by rotation at least once every three years at the annual general meeting of the Company and are eligible for re-election pursuant to the Articles of Association.

Delegation by the Board

The Board has set up three Board committees, namely the audit committee of the Company (the "Audit Committee"), the remuneration committee of the Company (the "Remuneration Committee") and the nomination committee of the Company (the "Nomination Committee") for overseeing particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

Audit Committee

The Audit Committee has been established with written terms of reference setting out the duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Audit Committee conforms to the requirements laid down in the CG Code. As at the date of this report, the Audit Committee comprises of three independent non-executive Directors, namely Mr. Wu Chi Keung, Mr. Jin Qingjun and Ms. Sun Ivy Connie. Mr. Wu Chi Keung is the chairman of the Audit Committee who is also an associate of the HKICPA. He is experienced in the financial auditing field and was a partner of Deloitte Touche Tohmatsu.

The primary functions of the Audit Committee include reviewing the financial statements and reports and considering any significant or unusual items, reviewing the effectiveness of the Group's financial reporting processes and adequacy of internal control system, reviewing the risk management system and associated procedures, reviewing the scope and nature of the audit carried out by the Company's auditor. The Audit Committee meets at least twice a year to discuss any issues from the audit and any other matters the external auditor may wish to raise. The Audit Committee has reviewed the Group's annual results for the year ended 31 March 2021.

During the year, four meetings were held and the attendance of each member is set out as follows:

Name	**Attendance/No. of meetings held during the tenure of directorship**
Mr. Wu Chi Keung	4/4
Mr. Jin Qingjun	4/4
Ms. Sun Ivy Connie	4/4

The following is a summary of work performed by the Audit Committee during the year:

1. Reviewed the draft of financial statements of the Company prior to audit and/or review performed by the external auditor and issued its approval to audit and/or review;

2. Reviewed the Group's interim and annual results and corporate governance matters for inclusion in the Company's annual report for the year ended 31 March 2020 and interim report for the six months ended 30 September 2020 with the management and external auditor of the Company and recommended them to the Board for review and approval;

3. Reviewed the Company's financial controls, internal controls and risk management systems, reviewed and approved the risk management and internal audit report for the Current Year and discussed the risk management and internal control systems with the management to ensure that management has performed its duty to have effective systems;

4. Reviewed the accounting principles and practices adopted by the Group with the management of the Company for the year ended 31 March 2020;

5. Reviewed the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, their independence and objectivity and made recommendation to the Board on the re-appointment of Deloitte Touche Tohmatsu as the auditor of the Company; and

6. Reviewed the terms of reference of the Audit Committee.

Remuneration Committee

The Remuneration Committee has been established with written terms of reference setting out the duties, responsibilities and authorities delegated to them by the Board. The written terms of reference of the Remuneration Committee conforms to the requirements laid down in the CG Code. As at the date of this report, the Remuneration Committee comprises of two independent non-executive Directors, namely Mr. Wu Chi Keung, as chairman, and Mr. Jin Qingjun; and one executive Director, namely Mr. Chan Wing Yuen, Hubert. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration structure for all Directors and senior management of the Group. The annual emoluments payable to Directors were recommended by the Remuneration Committee, with a view to recruit and retain high-calibre personnel that are valuable to the Group, with references to their experience, responsibilities and duties as well as the prevailing market conditions. Details of Directors' remuneration for the year ended 31 March 2021 are set out in note 12 to the consolidated financial statements.

During the year, one meeting was held and the attendance of each member is set out as follows:

Name	Attendance/No. of meetings held during the tenure of directorship
Mr. Wu Chi Keung	1/1
Mr. Chan Wing Yuen, Hubert	1/1
Mr. Jin Qingjun	1/1

The following is a summary of works performed by the Remuneration Committee during the year:

1. Reviewed the policy for the remuneration of executive Directors;

2. Assessed performance of executive Directors;

3. Reviewed the terms of executive Director's service contract;

4. Made recommendations to the Board on the remuneration packages of individual executive Directors and senior management; and

5. Reviewed the terms of reference of the Remuneration Committee.

Nomination Committee

The Nomination Committee has been established with written terms of reference setting out the duties, responsibilities and authorities delegated to them by the Board. As at the date of this report, the Nomination Committee comprises of two independent non-executive Directors, namely Mr. Wu Chi Keung, as chairman and Ms. Sun Ivy Connie; and one executive Director, namely Mr. Chan Wing Yuen, Hubert.

The primary functions of the Nomination Committee include making recommendations to the Board on the appointment of Directors and reviewing 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 issuer's corporate strategy.

During the year, one meeting was held and the attendance of each member is set out as follows:

Name	**Attendance/No. of meetings held during the tenure of directorship**
Mr. Wu Chi Keung	1/1
Mr. Chan Wing Yuen, Hubert	1/1
Ms. Sun Ivy Connie	1/1

The following is a summary of work performed by the Nomination Committee during the year:

1. Reviewed the policy for the nomination of Directors and senior management;

2. Reviewed the structure, size, composition and the board diversity policy (including the skills, knowledge and experience) of the Board;

3. Recommended to the Board the re-appointment of Mr. Wu Hao as executive Director, Mr. Li Wei Qi, Jacky as non-executive Director and Mr. Wu Chi Keung as independent non-executive Director;

4. Assessed the independence of the independent non-executive Directors;

5. Recommended the Board on the reappointment of the retiring Directors; and

6. Reviewed the terms of reference of the Nomination Committee.

Nomination Policy

The Board has adopted a nomination policy (the "Nomination Policy") on the recommendation of the Nomination Committee, which set out the criteria and process for the nomination and appointment of Directors of the Company. The Board considers that the Nomination Policy could ensure a balance of skills, experience and diversity of perspectives catered to the Company in the composition of the Board and the Board continuity and appropriate leadership at the Board level. The Nomination Policy applies to the Directors of the Company and where applicable, senior management being groomed for Board positions pursuant to the succession planning of the Company.

The Board has delegated its responsibilities and authority for the selection and appointment of Directors to the Nomination Committee. Without prejudice to the authority and duties of the Nomination Committee as set out in its terms of reference, the ultimate responsibility for the selection and appointment of directors of the Company rests with the entire Board.

In evaluating and selecting any candidate for directorship, the Nomination Committee will consider (i) character and integrity; (ii) qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy of the Company (the "Board Diversity Policy") that are relevant to the Company's business and corporate strategy; (iii) any measurable objectives adopted for achieving diversity on the Board; (iv) requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules; (v) any potential contributions the candidate can bring to the Company and/or the Board in terms of qualifications, skills; (vi) experience, independence, gender and race diversity; (vii) willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; (viii) such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for the nomination of directors and succession planning.

The nomination process of selection and appointment of new Director

The Nomination Committee and/or the Board should, upon receipt of a proposal on the appointment of a new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. If the process yields more than one desirable candidate, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and the reference check on each candidate (where applicable). The Nomination Committee should then recommend that the Board appoint the most appropriate candidate for directorship, as applicable. For any person that is nominated by a Shareholder for election as a director at a general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. Where appropriate, the Nomination Committee and/or the Board should make recommendations to the Shareholders with respect to the proposed election of directors at a general meeting.

The nomination process of re-election of Director at general meeting

The Nomination Committee and/or the Board should review the overall contribution and service to the Company of each Director and his/her level of participation and performance on the Board. The Nomination Committee and/or the Board should also review and determine whether the Director continues to meet the criteria as set out above. The Nomination Committee and/or the Board should then make recommendations to the Shareholders in respect of the proposed re-election or replacement of Directors at a general meeting. Where the Board proposes a resolution to elect or re-elect a candidate as Director at a general meeting, the relevant information of the candidate will be disclosed in the circular to the Shareholders and/or the explanatory statement that accompanies the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Nomination Committee has conducted regular reviews on the structure, size and composition of the Board and the Nomination Policy and considered that the current Nomination Policy complements the Company's corporate strategy and business needs.

Board Diversity Policy

The Board has adopted the Board Diversity Policy setting out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and to support the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity is considered from a range of perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board strives to ensure that it has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategies in order for the Board to be effective. The Nomination Committee will monitor the implementation of this policy and will from time to time review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy. The Nomination Committee will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. The Nomination Committee considers that the current Board's composition and the Board Diversity Policy satisfies the diversification requirements.

Dividend Policy

The Board has adopted a dividend policy (the "Dividend Policy") that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting the Group's working capital requirements and future growth as well as its shareholding value.

The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Articles of Association and all applicable laws and regulations. The dividend payout ratio will vary from year to year. There is no assurance that a dividend will be proposed or declared in any particular amount for any given period. When considering the declaration and payment of dividends, the Board shall take into account of (i) financial results; (ii) cash flow situation; (iii) business conditions and strategies; (iv) future operations and earnings; (v) capital requirements and expenditure plans; (vi) interests of the Shareholders; (vii) any restrictions on payment of dividends; and (viii) any other factors that the Board may consider relevant.

Depending on the financial conditions of the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend and any distribution of net profits that the Board may deem appropriate. The Company in general meeting may from time to time declare dividends in any currency to be paid to the Shareholders but no dividends shall be declared in excess of the amount recommended by the Board subject to the Articles of Association and all applicable laws and regulations. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Articles of Association. The Board will review the Dividend Policy as appropriate from time to time.

Auditor's Remuneration

Analysis of remuneration paid and accrued in respect of audit and non-audit services provided by the external auditor, Messrs. Deloitte Touche Tohmatsu, for the year ended 31 March 2021 is as follows:

Nature of services	**Amount** HK$'000
Audit services	770
Non-audit services — Interim Review	289
Non-audit services — Others	18

Company Secretary

Mr. Chow Chi Shing has been the company secretary of the Company since November 2015. Mr. Chow reports to the chief executive of the Group directly and is responsible to the Board for ensuring that the Board procedures, applicable law, rules and regulations are followed and the Board activities are efficiently and effectively conducted. He is also responsible for ensuring that the Board is fully appraised of the relevant corporate governance developments relating to the Group and facilitating the induction and professional development of Directors. According to Rule 3.29 of the Listing Rules, Mr. Chow has taken no less than 15 hours of relevant professional training for the year ended 31 March 2021.

Responsibilities in Respect of the Financial Statements

The Directors are responsible for ensuring that the consolidated financial statements for each financial year are prepared to reflect a true and fair view of the state of affairs, profitability and cash flows of the Group in accordance with the disclosure requirements of the Listing Rules, Hong Kong Companies Ordinance and the applicable accounting standards.

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements for the year ended 31 March 2021. The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relatively to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement issued by the external auditor of the Company regarding its reporting responsibilities was set out in detail in the Independent Auditor's Report on pages 46 to 51 of this annual report.

Risk Management and Internal Control

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate risk management and internal control system to safeguard shareholder investments and the Group's assets and reviewing the effectiveness of such system on an annual basis. Such systems are designed to manage rather than eliminate the risks of failure to achieve business objectives, and could only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management Organizational Structure

Board

The Board is responsible for assessing and determining the nature and extent of risks that the Company is willing to accept for achieving the purposes, and procuring the Company to set up and maintain proper and effective risk management and internal control systems. With the assistance of the Audit Committee, whose authority has been delegated by the Board, the Board maintains constant monitoring of the risk management and internal control systems of the Group, as well as conducting review at least once a year as to its effectiveness.

Audit Committee

The Audit Committee is responsible for the risk management and internal control systems that provides advices and supports to the Board in respect of all risk-related matters, including monitoring the implementation of the overall risk management procedures of the Group, conducting review on the risk register of the Group, review and approve the internal control review plan and its results.

Management

The management of the Group is responsible for identifying and continuously monitoring the Group's exposure to risks in relation to strategy, operation, finance, reporting and compliance during the daily operations of the Group. It reports to the Board and the Audit Committee regarding the risks and their changes, formulates a set of internal control measures to mitigate the risks, collects through various channels the deficiencies of the internal control system and conducts rectifications in a timely manner.

Internal Audit Function

The Group has put in place the internal audit function. Annual review on the effectiveness of the risk management procedures of the Group will be conducted by the management and the Audit Committee, and professional internal control advisers may be consulted if necessary. The plan of internal control review will be submitted to the Audit Committee for review and approval, and the person in charge of the internal control review will also report the review results to the Audit Committee.

Risk Management Procedures

The Group has established a risk management framework, including the construction of the architecture for the aforementioned organisation and definition of the responsibilities of all parties concerned, and prepared risk management policies and processes and clarified the risk assessment procedures, which, specifically include risk identification, risk analysis, risk control and risk report.

Step 1: Risk identification — identify current risks exposed to the Group and business and existing management and control measures therefor.

Step 2: Risk analysis — analyse the possibility, extent of influence and existing management and control measures, identify risk exposure, and propose further countermeasures.

Step 3: Risk control — implement and periodically detect the identified risks to ensure effective operation of risk countermeasures.

Step 4: Risk report — summarise the results of risk management analysis, prepare action plans and report to the management, Audit Committee and the Board.

The Company would appoint an independent consultancy firm to conduct a thorough review of risk management and internal control systems of the Company and its subsidiaries on regular intervals basis when necessary. Such review aims to examine key issues in relation to the accounting practices and all material controls, identify deficiencies and ineffective parts in the design and implementation of internal controls, and propose recommendations for improvement. With the assistance of the Audit Committee, the Board has reviewed and been aware of the effectiveness and sufficiency of risk management and internal control systems of the Group.

Main Features of Risk Management and Internal Control System

Maintaining an effective internal control system (Operational Level)

- Definite internal control policies and procedures are in place to enable clear segregation of responsibilities, authority and accountability of different departments and positions;
- Code of conducts have been formulated to promote integrity and ethical conducts to the staff;
- Whistleblowing system is set up to encourage employees to report any misconduct or fraud;
- Appropriate IT system access restrictions have been set to avoid disclosure of price sensitive information;
- Policies regarding insider information disclosure are established, which involve reporting channels. The person in charge of the information disclosure will be responsible for answering external enquiries and seek consultation from professional financial consultants or the Stock Exchange when necessary.

During the year ended 31 March 2021, the Board had reviewed the effectiveness of the internal control policies and procedures, including the procedures regarding financial reporting and those as stipulated under the Listing Rules. When carrying out review on the risk management and internal control procedures, the Board had taken into consideration the adequacy of resources for accounting, internal audit and financial reporting, the qualifications and experience of the staff, trainings to be provided to the staff and the relevant budget.

Ongoing Monitoring of Risks (Risk Management Level)

Based on the risk management policies as formulated by the Board, the management will communicate with different operational departments and collect information of significant risk factors which will affect the Group in a bottom up approach and consistently monitor changes in risks. Risks which have been identified will be recorded in a risk register. Regular assessment will be carried out on the potential impact to the Group and the possibility of occurrence of each major risk so as to lay down relevant internal control measures.

The Company has procedures and internal controls for the handling of confidential information and dissemination of inside information. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited. The Company also established procedures to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 March 2021, the management had reviewed risk management structure and procedures and had submitted to the Board and the Audit Committee a risk assessment report and a 3-year plan of internal control review, so that the Board and the Audit Committee can enable effective monitoring of the Group's major risk and gain a better understanding of how the management handle and mitigate the risks.

Independent Review

The internal audit team of the Group is comprised of persons who are not responsible for areas under the review. The list and scope of review have been approved by the Audit Committee. The team conducts independent review on risk management and internal control systems of the Group so as to assess the effectiveness. A report of internal control review is submitted to the Audit Committee.

During the year ended 31 March 2021, the internal audit team had completed a review on internal control for the year, period of reviews covered transactions carried out from 1 April 2020 to 31 March 2021. The management had implemented rectifications and remediated internal control weaknesses identified. The internal audit team had report the review results to the Audit Committee.

During the year ended 31 March 2021, the Board, in conjunction with the Audit Committee, has overseen the Company's risk management and internal control systems on an ongoing basis. A review of the effectiveness of the Group's risk management and internal control systems which covered all material controls, including financial, operational and compliance controls has been conducted, and considered that the systems are effective and adequate. The Board has also reviewed adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting, internal audit and financial reporting functions, and considered that they are adequate.

Constitutional Documents

During the year ended 31 March 2021, there were no changes to the constitutional documents of the Company. An up to date set of memorandum of association of the Company and the Articles of Association are available on both the websites of the Company and the Stock Exchange.

Communications with Shareholders and Shareholders' Right

The Company treats all Shareholders equally and ensures that the Shareholders' rights are protected and every convenience is provided to them where practicable to enable the exercise of their rights. The Company has adopted the Shareholder communication policy and the procedures for Shareholders to propose a person for election as Director to ensure that our Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company in order to enable them to exercise their rights in an informed manner and to allow them to engage actively with the Company.

Shareholders' Rights to Convene an Extraordinary General Meeting

Under article 58 of the Articles of Association, any one or more 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 or the company secretary of the Company, to require an extraordinary 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. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at Shareholders' meeting. Proposal shall be sent to the Board or the company secretary of the Company by written requisition. Pursuant to the Articles of Association, Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by the procedures set out in the preceding paragraph.

Procedures for putting forward proposals at general meetings of the Company

Pursuant to article 88 of the Articles of Association, no person, other than a Director retiring at the general meeting, shall, unless recommended by the Board for election, be eligible for election to the office of the Director at any general meeting, unless a notice in writing of the intention to propose a person for election as a Director signed by a Shareholder of the Company (other than the person to be proposed) and a notice in writing signed by that person of his willingness to be elected shall have been lodged at the Company's head office and principal place of business in Hong Kong at Room 2202, 22/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong. The period for lodgment of the notices will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

If a Shareholder wishes to propose a person to stand for election as a Director, the biographical details of the person to be proposed as required by Rule 13.51(2) of the Listing Rules must also be lodged at the Company with the above written notices and the candidate should be evaluated by the Nomination Committee and the Board. The Company is required under Rule 13.73 of the Listing Rules to provide the information about the proposal, which the Board considered appropriate, in a supplementary circular or by way of an announcement not later than ten business days before the general meeting. If the above notices are received by the Company less than twenty one days prior to the date of general meeting, the Company may need to consider the adjournment of the general meeting.

Procedures for making enquiries to the Board

Shareholders are encouraged to maintain direct communication with the Company. Shareholders may send their enquiries requiring the Board's attention to the company secretary of the Company at the Company's principal office address at Room 2202, 22/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

Investor Relations

The Company endeavours to maintain good investor relationship with the Shareholders and potential investors by way of meeting them at annual general meetings and publishing interim and annual reports on the websites of the Company and the Stock Exchange.

The Company's website was set up as a means to provide information of the Company to the Shareholders and potential investors and to communicate with them directly and effectively. Shareholders are also encouraged to attend the Company's annual general meetings and general meetings for which notices are served for an adequate period in accordance with the provisions of the Listing Rules and the Articles of Association. The Directors are available to answer questions on the Group's business at the meetings.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the audited consolidated financial statements for the year ended 31 March 2021.

Principal Activities

The principal activity of the Company is investment holding, and its principal subsidiaries are principally engaged in jewelry business in the PRC and Hong Kong and energy business in the PRC, Hong Kong and other countries. Details of the principal activities of the Company's subsidiaries are set out in note 40 to the consolidated financial statements. Details and respective analysis of the main segments information of the Group during the year are set out in note 6 to the consolidated financial statements.

Business Review

The business review of the Group for the year ended 31 March 2021 and a review of the Group's future development is set out in the section headed "Management Discussion and Analysis" of this annual report.

Environmental Policy and Performance

The Group paid high attention to environmental protection and energy conservation to enhance the capacity of sustainable development and undertake relative social responsibility. The Group is committed to maximize energy conservation in its offices by promoting efficient use of resources such as lighting and air-conditioning systems and encouraging recycle of office supplies and other materials. The Group continually seeks to identify and manage energy efficiency opportunities in order to minimize environmental impacts attributable to its operational activities if possible.

Environmental, Social and Governance Report

A separate environmental, social and governance report is expected to be published on the Stock Exchange's website and the Company's website no later than three months after the annual report has been published.

Compliance with Relevant Law and Regulations

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with the applicable rules and regulations. As far as the Board and management are aware, the Group has complied all relevant laws and regulations in material aspects which may have significant impact on the business and operations of the Group during the year ended 31 March 2021.

Principal Risks and Uncertainties Facing the Company

The Group's financial conditions, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Risk of Economic Downturn

The business environment in the near future is challenging due to a number of factors such as uncertainty over the global economy, the escalated trade conflict between the PRC and the U.S. and the outbreak of pandemic. The adverse changes of economic environment may result in reduced demand for our products, reduced sales price, order cancellations, lower revenue and margins and heavier burden on distribution costs. Therefore, the Group's management will refine and review business strategies based on its analysis of the macroeconomic changes, and consider business diversification so as to adapt to the overall economic change.

Risk of Regulatory Policies

The Chinese government is gradually intensifying requirements on energy conservation and environment protection. While the Group's current operation is in compliance with regulatory requirements, any future changes in relevant laws or regulations may have an impact on the operation and may increase expenses and costs. Therefore, policies which are in compliance with relevant laws and regulations have been in place to minimize such risks. In addition, the Group has been maintaining close communication with government departments proactively to take measures timely in line with the industrial changes and the standards of policymaking.

Technical Risk

The future returns and success of the Group depend on specialised technology applied in products. The business and profitability of the Group may be affected by the launch of any major technology. Also, the competitors' duplication of the specialised technology may lead to a decline in the market position of our products. Not only has the Group ensured that its specialised technology applied in products has been registered legally under the Intellectual Property Law of China, it has also entered into employment contracts with non-disclosure terms with the personnel which may have access to the specialised technology, and has strictly controlled the access area and authority.

Risk of Human Resources

There is fierce competition in the industry and regions where the Group operates. Thanks to experienced and skillful key personnel, including management, research and development personnel and technical engineers, the Group is able to maintain a competitive position. The incapability of attracting sufficient key personnel or outflow of skillful and experienced talents may impair the normal operation or quality of the Group, or even restrict its development. The Group is fully aware of such risks and endeavors to provide competitive remuneration packages as well as various incentive mechanism to attract suitable talents while catering to the overall needs for cost-savings, in order to meet the requirement of corporate development. The Group will also review the employers' benefit regularly, conduct manpower planning to replenish sufficient staff in time.

Financial Risks

The Group also faces financial risks in the ordinary course of business. Details of financial risk management objectives and policies are set out in notes 33 and 34 to the consolidated financial statements.

Relationship with Employees, Customers and Suppliers

The Company recognizes that employees are our valuable assets. Thus, the Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationships with customers, suppliers and other business partners to achieve its long-term goals. Accordingly, the management will continue to ensure effective communication and develop mutually beneficial relationships with them. During the year under review, there was no material and significant dispute between the Group and its customers, suppliers or other business partners.

Results and Dividends

The results of the Group for the year ended 31 March 2021 and the financial position of the Company and of the Group at that date are set out in the consolidated financial statements on pages 52 to 139 of this annual report.

The Board did not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

Annual General Meeting

The forthcoming annual general meeting of the Company is to be held on Thursday, 2 September 2021 (the "2021 AGM") and the notice of the 2021 AGM will be published and dispatched to the Shareholders of the Company within the prescribed time and in such manner as required by the Listing Rules.

Closure of Register of Members

The register of members will be closed from Monday, 30 August 2021 to Thursday, 2 September 2021 (both dates inclusive), during which period no transfer of shares of the Company (the "Share(s)") will be effected. In order to qualify to attend and vote at the 2021 AGM, all transfers of Shares accompanied by the relevant Share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 pm on Friday, 27 August 2021.

Summary of Financial Information

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 140 of this annual report.

Property, Plant And Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

Borrowings

Details of the bank borrowings of the Group as at 31 March 2021 are set out in note 26 to the consolidated financial statements.

Subsidiaries

Particulars of the Group's principal subsidiaries are set out in note 40 to the consolidated financial statements.

Reserves

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

Distributable Reserves

The Company had no reserves available for distribution to the Shareholders as at 31 March 2021 and 2020.

Share Capital

Details of movements in the Company's share capital during the year are set out in note 28 to the consolidated financial statements.

Major Customers And Suppliers

For the year ended 31 March 2021, the aggregate percentage of sales attributable to the Group's five largest customers is approximately 96.2% of the total sales of the Group and the largest customer included therein amounted to approximately 54.3%.

For the year ended 31 March 2021, the aggregate percentage of purchase attributable to the Group's five largest suppliers is approximately 84.0% of the total purchases of the Group and the largest supplier included therein amounted to approximately 32.9%.

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

Directors

The Directors during the year and up to the date of this annual report were:

Executive Directors:
Mr. Wu Hao *(Chairman)*
Mr. Hu Yangjun
Mr. Chan Wing Yuen, Hubert *(Chief Executive)*

Non-executive Director:
Mr. Li Wei Qi, Jacky

Independent non-executive Directors:
Mr. Wu Chi Keung
Mr. Jin Qingjun
Ms. Sun Ivy Connie

According to article 84(1) of the Articles of Association, Mr. Hu Yangjun, Mr. Chan Wing Yuen, Hubert, and Ms. Sun Ivy Connie, all being Directors shall retire from office by rotation and being eligible, will offer themselves for re-election as Director at the forthcoming 2021 AGM.

The biographical details of the Directors are set out under the section "Directors and Company Secretary" of this annual report.

Update on Directors' Information under Rule 13.51B(1) of the Listing Rules

Upon specific enquiry by the Company and based on the confirmation from the Directors, there is no change in the information of the Directors required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules since the Company's last published audit report.

Directors' Service Contracts

None of the Directors proposed for re-election at the annual general meeting of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Permitted Indemnity Provision

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties in his office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed in the section headed "Continuing Connected Transactions, Connected Transactions and Other Related Party Transactions" in this Report of the Directors, no transactions, arrangements or contracts of significance, to which the Company, its holding company, fellow subsidiaries or its subsidiaries was a party and in which the Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Business

As at 31 March 2021, none of the Directors and their respective associates (as defined in the Listing Rules) has an interest in any business which competes or may compete with the business in which the Group is engaged.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2021, the interests and short positions of the Directors and their associates in the Shares, underlying Shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO and the Stock Exchange pursuant to the Model Code, were as follows:

Long Positions

Ordinary Shares of HK$0.01 each

Name of Director	Capacity	Number of Shares held	Number of underlying Shares	Total interest	Approximate percentage total issued Shares
Mr. Hu Yangjun	Interests of controlled corporation and personal interest	207,784,000[(1)]	-	207,784,000	55.82%
Mr. Wu Hao	Personal interest	6,036,000	-	6,036,000	1.62%
Mr. Chan Wing Yuen, Hubert	Personal interest	3,300,000	-	3,300,000	0.89%
Mr. Li Wei Qi, Jacky	Personal interest	2,736,000	330,000[(2)]	3,066,000	0.82%
Mr. Wu Chi Keung	Personal interest	–	330,000[(2)]	330,000	0.09%
Mr. Jin Qingjun	Personal interest	–	330,000[(2)]	330,000	0.09%

Notes:

(1) Mr. Hu Yangjun had a direct interest of 3,066,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich Capital Limited ("Resources Rich"), a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.

(2) These interests represented the interests in underlying Shares in respect of share options granted to the Directors under the Share Options Scheme.

Save as disclosed above, as at 31 March 2021, no interest and short position in the Shares, underlying Shares or debentures were held or deemed or taken to be held under Part XV of the SFO by any Director or chief executives of the Company or any of their respective associates which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

Save as disclosed above, at no time during the year was the Company or its holding companies, or any of its subsidiaries or its fellow subsidiaries, a party to any arrangements to enable the Directors or 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.

Share Option Scheme

The Company adopted a share option scheme at the annual general meeting of the Company held on 9 September 2016 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to facilitate the retention and the recruitment of high-calibre staff of the Group and/or any entities in which the Group holds any equity interests (if applicable) and attract resources that are valuable to the Group or those invested entities to the benefit of the Company's future business development.

The participants of the Share Option Scheme include any employee (whether full-time or part time including any executive Director), officer (including any non-executive Director and independent non-executive Director) and substantial shareholder, consultant, agent, adviser, customer, business partner, joint venture partner, strategic partner, landlord or tenant of, or any supplier or provider of goods or services to, any member of or any invested entity of the Group, or any trustee(s) of a discretionary trust of which one or more beneficiaries belong to any of the above mentioned category(ies) of persons, or any other person who the Board considers, in its sole discretion, has contributed or will contribute to the Group.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company (the "Option Scheme Limit") shall not in aggregate exceed 33,815,400 representing 10% of the number of issued Shares as at the annual general meeting held on 5 September 2019 where a resolution for approving the refreshment of the Option Scheme Limit was passed and approximately 9.08% of the Shares is in issue as at the date of this report.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and unexercised options) under the Share Option Scheme and any other share option scheme (if any) adopted by the Company in any 12-month period must not exceed 1% of the Shares in issue unless otherwise approved by the Shareholders. Where any grant of options to a substantial shareholder, an independent non-executive Director, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholder or an independent non-executive Director or a company beneficially owned by any substantial shareholder or independent non-executive Director of the Company) would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted to such person in any 12-month period up to and including the date of the grant:

(i) representing in aggregate over 0.1% of the total number of Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5 million, such grant of option shall be subject to prior approval of the Shareholders who are not a grantee, his associates, or a core connected person of the Company as defined in the Listing Rules.

Options granted must be taken up within 28 days from the date of offer, upon payment of HK$10 by way of consideration for the grant. Subject to terms and conditions upon which the option was granted, options may be exercised at any time from the date of grant of the share option to the 10th anniversary of the date of grant.

The exercise price is determined by the Directors, and will not be less than the highest of (i) the closing price of Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share. The Share Option Scheme has a life of 10 years and will expire on 8 September 2026.

During the year ended 31 March 2021, the Company did not granted any share options. On 31 March 2021, the number of Shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 4,790,000 (31 March 2020: 4,790,000), representing 1.29% (31 March 2020: 1.29%) of the Shares in issue at that date, further details are disclosed in note 29 to the consolidated financial statements.

Details of the movements of share options granted, exercised or cancelled/lapsed during the year and outstanding as at 31 March 2021 are as follows:

	Number of share options							
Category of eligible participants	**At 1 April 2020**	**Granted during the Current Period**	**Exercised during the Current Period**	**Cancelled/ Lapsed during the Current Period**	**At 31 March 2021**	**Date of grant[1]**	**Exercisable period (both dates inclusive)**	**Exercise price per Share**
Directors								
Mr. Li Wei Qi, Jacky	330,000	–	–	–	330,000	19 October 2018	1 January 2019 to 18 October 2028	0.636[2]
Mr. Wu Chi Keung	330,000	–	–	–	330,000	19 October 2018	1 January 2019 to 18 October 2028	0.636[2]
Mr. Jin Qingjun	330,000	–	–	–	330,000	19 October 2018	1 January 2019 to 18 October 2028	0.636[2]
	990,000	**–**	**–**	**–**	**990,000**			
Employees								
in aggregate	3,800,000	–	–	–	3,800,000	19 October 2018	1 January 2019 to 18 October 2028	0.636[2]
	3,800,000	**–**	**–**	**–**	**3,800,000**			
Total all categories	**4,790,000**	**–**	**–**	**–**	**4,790,000**			

Notes:

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

(2) The weighted average closing price of the Shares immediately before the grant dates of the share options was HK$0.636 per Share. The closing price of the Shares immediately before the date on which the options were granted was HK$0.610 per Share.

Substantial Shareholders

As at 31 March 2021, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors and their associates, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long Positions

Ordinary Shares of HK$0.01 each

Name of Shareholders	Capacity	Number of Shares held	Number of underlying Shares	Total interest	Approximate percentage total issued Shares
Resources Rich	Beneficial interest	204,718,000[1]	–	204,718,000	54.99%
Mr. Hu Yangjun	Interests of controlled corporation and personal interest	207,784,000[1]	–	207,784,000	55.82%
Mr. Hu Yishi	Interests of controlled corporation and personal interest	207,454,000[3]	–	207,454,000	55.73%
Ms. Zhang Qi	Interest of spouse	207,784,000[4]	–	207,784,000	55.82%
Ms. Lin Min, Mindy	Interest of spouse	207,454,000[5]	–	207,454,000	55.73%

Notes:

(1) 50% of the entire issued share capital of Resources Rich is owned by Mr. Hu Yangjun while the other 50% is owned by Mr. Hu Yishi. Mr. Hu Yangjun and Mr. Hu Yishi are deemed to be interested in all the Shares in which Resources Rich is interested by virtue of the SFO.

(2) Mr. Hu Yangjun had a direct interest of 3,066,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.

(3) Mr. Hu Yishi had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yishi, within the meaning of Part XV of the SFO.

(4) Ms. Zhang Qi is the spouse of Mr. Hu Yangjun. Accordingly, she is deemed to be interested in the same number of Shares and underlying Shares in which Mr. Hu Yangjun is interested in pursuant to the SFO.

(5) Ms. Lin Min, Mindy is the spouse of Mr. Hu Yishi. Accordingly, she is deemed to be interested in the same number of Shares and underlying Shares in which Mr. Hu Yishi is interested in pursuant to the SFO.

Save as disclosed above, as at 31 March 2021, there were no other parties, who had interests or short positions in the Shares or underlying Shares as recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

Continuing Connected Transactions, Connected Transactions and other Related Party Transactions

During the year ended 31 March 2021, the Company and its subsidiaries had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this annual report in compliance with the requirements of Chapter 14A of the Listing Rules. The related party transactions as disclosed in note 37 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, or were exempted from independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Shares

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

Contracts of Significance

There had been no contract of significance between the Company or any of its subsidiary and a controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiary for the year ended 31 March 2021.

Equity-Linked Agreement

Save as disclosed in the section headed "Share Option Scheme" above, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the year ended 31 March 2021 or subsisted at the said period.

Management Contracts

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

Emolument Policy

The emolument policy of the general staff of the Group is set up by the management of the Group on the basis of their performance and work experience and the prevailing market rates.

The emoluments of the Directors and senior management of the Company are decided by the Remuneration Committee, having regard to their individual performance, the Company's operating results, and comparable market statistics.

Employee Retirement Benefit

Particulars of the retirement scheme of the Group are set out in note 32 to the consolidated financial statements.

Confirmation of Independence of Independent Non-executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent.

Audit Committee

The Audit Committee has reviewed together with the management and external auditor the accounting principles and policies adopted by the Group, discussed internal controls and financial reporting matters and the audited consolidated financial statements for the year ended 31 March 2021. As at the date of this report, the Audit Committee comprises of three independent non-executive Directors, namely Mr. Wu Chi Keung (chairman), Mr. Jin Qingjun and Ms. Sun Ivy Connie.

Corporate Governance

A report on the principal corporate governance practice adopted by the Company is set out in the section headed "Corporate Governance Report" of this annual report.

Pre-Emptive Rights

There are no provisions for pre-emptive or similar rights under the memorandum and articles of association of the Company and the laws of the Cayman Islands where the Company is incorporated.

Events After the Reporting Period

The material events after 31 March 2021 is set out in the section headed "Events After the Reporting Period" under "Management Discussion and Analysis" of this annual report.

Tax Relief and Exemption

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

Sufficiency Of Public Float

During the year ended 31 March 2021 and at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules.

Auditor

The consolidated financial statements have been audited by Messrs. Deloitte Touche Tohmatsu who retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the 2021 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Wu Hao
Chairman and Executive Director

Hong Kong, 25 June 2021

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE SHAREHOLDERS OF CENTRAL DEVELOPMENT HOLDINGS LIMITED
中發展控股有限公司
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Central Development Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 139, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the inherent level of subjective judgements and estimates required in determining the fair values. The Group's investment properties represent certain portion of the Group's factory being leased, and are stated at fair value of HK$79,274,000, as at 31 March 2021 with a fair value gain of HK$1,327,000 recognised in the consolidated statement of profit or loss and other comprehensive income for the year then ended. All of the Group's investment properties are measured using the fair value model based on a valuation performed by an independent qualified professional valuer (the "Valuer"). Details of the valuation techniques and key inputs used in the valuations are disclosed in note 17 to the consolidated financial statements.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities, and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement; • Evaluating the appropriateness of the Valuer's valuation approaches to assess if they meet the requirements of the HKFRSs; • Challenging the reasonableness of the key assumptions applied based on available market data; and • Obtaining the detailed work of the Valuer on the investment properties to evaluate the accuracy and relevance of key data inputs underpinning the valuation, such as rental income, term of existing leases by comparing them to the existing leases summary of the Group or reversionary income potential by comparing fair market rents estimated by the Valuer against comparable market transactions and evaluating whether capitalisation rates adopted are comparable to the market.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter

Impairment assessment on property, plant and equipment and right-of-use assets

We identified impairment assessment of property, plant and equipment and right-of-use assets which are used in/allocated to the Group's businesses of sales of solar energy products and sales of jewelry products as a key audit matter due to the significance of the balances to the consolidated financial statements as a whole, combined with the involvement of significant judgements and assumptions by the Group's management in determining the value in use of these assets.

In view of the continuous losses and/or net operating cash outflow, the management of the Group concluded that there was indication for impairment and conducted impairment assessment on recoverable amounts of the sales of solar energy products cash-generating-unit ("CGU") and the sales of jewelry products CGU to which the assets belong.

The recoverable amounts of sales of solar energy products CGU and sales of jewelry products CGU have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management and certain key assumptions including discount rate, revenue growth rate, budgeted gross margin.

As at 31 March 2021, the Group has property, plant and equipment and right-of-use assets, with carrying amount (before taking into account of impairment assessment) of HK$13,314,000 and HK$9,262,000 respectively, relating/allocated to sales of solar energy products CGU and sales of jewelry products CGU. Based on the assessment made by management of the Group, impairment of HK$4,206,000 and HK$3,459,000 were recognised for property, plant and equipment and right-of-use assets, respectively, during the year ended 31 March 2021. Details are disclosed in notes 15 and 16 to the consolidated financial statements.

Our procedures in relation to the impairment assessment on property, plant and equipment and right-of-use assets included:

- Understanding the Group's impairment assessment process, including the impairment assessment model adopted and assumptions used;
- Evaluating the key assumptions used in the future cash flow forecast, including revenue growth rate and budgeted gross margin;
- Evaluating the discount rate by benchmarking it to the rates used by similar companies in the market; and
- Checking the mathematical accuracy of the value in use calculation of the cash flow forecast and assessed the appropriateness of the methodology used.

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Li Chi Tong.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	NOTES	2021 HK$'000	2020 HK$'000
Revenue	5	**56,220**	110,640
Cost of sales		**(54,040)**	(106,799)
Gross profit		**2,180**	3,841
Other income	7	**5,290**	3,233
Other gains and losses, net	8	**4,068**	(6,576)
Impairment loss on trade receivables under expected credit loss model		**(1,202)**	–
Impairment loss on property, plant and equipment	15	**(4,206)**	–
Impairment loss on right-of-use assets	16	**(3,459)**	–
Selling and distribution costs		**(2,157)**	(6,153)
Administrative expenses		**(20,424)**	(25,111)
Other expenses		**(1,339)**	(3,183)
Equity-settled share-based payments		**–**	(845)
Finance costs	9	**(5,221)**	(6,467)
Loss before taxation		**(26,470)**	(41,261)
Income tax	10	**(681)**	(131)
Loss for the year	11	**(27,151)**	(41,392)
Other comprehensive income (expense) for the year			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**1,480**	(505)
Fair value gain on revaluation of properties		**19,594**	6,469
Deferred tax relating to fair value gain on revaluation of properties		**(4,899)**	(1,617)
Total comprehensive expense for the year		**(10,976)**	(37,045)
Loss for the year attributable to:			
Owners of the Company		**(24,613)**	(33,476)
Non-controlling interests		**(2,538)**	(7,916)
		(27,151)	(41,392)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(8,460)**	(28,892)
Non-controlling interests		**(2,516)**	(8,153)
		(10,976)	(37,045)
Loss per share	13		
Basic (HK cents)		**(6.61)**	(9.86)
Diluted (HK cents)		**(6.61)**	(9.86)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	NOTES	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	15	**21,446**	43,083
Right-of-use assets	16	**10,129**	11,436
Investment properties	17	**79,274**	22,153
Intangible assets	18	**55,539**	–
Deposits paid for acquisition of property, plant and equipment		**2,288**	–
Rental deposits		**238**	–
		168,914	76,672
Current assets			
Inventories	19	**6,844**	6,836
Trade receivables	20	**8,143**	15,524
Other receivables, deposits and prepayments	20	**13,918**	15,246
Contract assets	21	**–**	274
Bank balances and cash	22	**37,301**	37,319
		66,206	75,199
Current liabilities			
Trade payables	23	**7,699**	14,760
Other payables and accruals	23	**25,070**	7,732
Contract liabilities	21	**221**	316
Loans from a shareholder	24	**4,984**	4,754
Bank borrowing	26	**2,499**	2,080
Lease liabilities	27	**3,081**	1,424
		43,554	31,066
Net current assets		**22,652**	44,133
Total assets less current liabilities		**191,566**	120,805

At 31 March 2021

	NOTES	**2021** **HK$'000**	2020 HK$'000
Non-current liabilities			
Loans from a controlling shareholder	24	**104,752**	72,129
Deferred tax liabilities	25	**7,868**	1,705
Bank borrowing	26	**23,190**	23,812
Lease liabilities	27	**2,438**	1,513
		138,248	99,159
Net assets		**53,318**	21,646
Capital and reserves			
Share capital	28	**3,723**	3,723
Reserves		**19,068**	23,899
Equity attributable to owners of the Company		**22,791**	27,622
Non-controlling interests		**30,527**	(5,976)
Total equity		**53,318**	21,646

The consolidated financial statements on pages 52 to 139 were approved and authorised for issue by the Board of Directors on 25 June 2021 and are signed on its behalf by:

WU HAO
DIRECTOR

CHAN WING YUEN, HUBERT
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to owners of the Company									
	Share capital HK$'000	**Share premium** HK$'000	**Share options reserve** HK$'000	**Property revaluation reserve** HK$'000	**Exchange reserve** HK$'000	**Shareholder's contribution reserve** *HK$'000 (note)*	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 31 March 2019	3,382	165,365	12,590	–	5,886	10,468	(171,851)	25,840	2,043	27,883
Loss for the year	–	–	–	–	–	–	(33,476)	(33,476)	(7,916)	(41,392)
Exchange differences arising on translation to presentation currency	–	–	–	–	(268)	–	–	(268)	(237)	(505)
Fair value gain on revaluation of properties	–	–	–	6,469	–	–	–	6,469	–	6,469
Deferred tax relating to fair value gain on revaluation of properties	–	–	–	(1,617)	–	–	–	(1,617)	–	(1,617)
Other comprehensive income (expense) for the year	–	–	–	4,852	(268)	–	–	4,584	(237)	4,347
Total comprehensive income (expense) for the year	–	–	–	4,852	(268)	–	(33,476)	(28,892)	(8,153)	(37,045)
Issue of ordinary shares upon exercise of share options *(Note 28)*	341	36,512	(11,993)	–	–	–	–	24,860	–	24,860
Contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	134	134
Recognition of equity-settled share-based payments *(Note 29)*	–	–	845	–	–	–	–	845	–	845
Deemed capital contribution from a controlling shareholder *(Note 24)*	–	–	–	–	–	4,969	–	4,969	–	4,969
At 31 March 2020	3,723	201,877	1,442	4,852	5,618	15,437	(205,327)	27,622	(5,976)	21,646
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(24,613)**	**(24,613)**	**(2,538)**	**(27,151)**
Exchange differences arising on translation to presentation currency	**-**	**-**	**-**	**-**	**1,458**	**-**	**-**	**1,458**	**22**	**1,480**
Fair value gain on revaluation of properties	**-**	**-**	**-**	**19,594**	**-**	**-**	**-**	**19,594**	**-**	**19,594**
Deferred tax relating to fair value gain on revaluation of properties	**-**	**-**	**-**	**(4,899)**	**-**	**-**	**-**	**(4,899)**	**-**	**(4,899)**
Other comprehensive income for the year	**-**	**-**	**-**	**14,695**	**1,458**	**-**	**-**	**16,153**	**22**	**16,175**
Total comprehensive income (expense) for the year	**-**	**-**	**-**	**14,695**	**1,458**	**-**	**(24,613)**	**(8,460)**	**(2,516)**	**(10,976)**
Acquisition of assets and liabilities through acquisition of a subsidiary *(Note 30)*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**34,786**	**34,786**
Release of exchange reserve upon disposal of subsidiaries	**-**	**-**	**-**	**-**	**427**	**-**	**(427)**	**-**	**-**	**-**
Disposal of subsidiaries *(Note 31)*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,233**	**4,233**
Deemed capital contribution from a controlling shareholder *(Note 24)*	**-**	**-**	**-**	**-**	**-**	**3,629**	**-**	**3,629**	**-**	**3,629**
As at 31 March 2021	**3,723**	**201,877**	**1,442**	**19,547**	**7,503**	**19,066**	**(230,367)**	**22,791**	**30,527**	**53,318**

Note: The shareholder's contribution reserve represents adjustments of interest-free loans granted by a controlling shareholder of Central Development Holdings Limited (the "Company") to the Company and certain of its subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	NOTES	2021 HK$'000	2020 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(26,470)**	(41,261)
Adjustments for:			
Interest income		**(590)**	(883)
Finance costs		**5,221**	6,467
Equity-settled share-based payments		**–**	845
Depreciation of property, plant and equipment		**3,182**	4,183
Depreciation of right-of-use assets		**2,288**	2,224
Amortisation of intangible assets		**110**	–
Gain from change in fair value of investing properties		**(1,327)**	(79)
Written-off of trade receivables		**–**	6,159
Written-down of inventories		**–**	504
Loss on disposal of property, plant and equipment		**5**	–
Gain on disposal of subsidiaries		**(2,960)**	–
Impairment loss on trade receivables under expected credit loss		**1,202**	–
Impairment loss on property, plant and equipment		**4,206**	–
Impairment loss on right-of-use assets		**3,459**	–
Operating cash flows before movements in working capital		**(11,674)**	(21,841)
Decrease (increase) in inventories		**446**	(5,291)
Decrease in trade receivables		**6,967**	1,847
Decrease (increase) in other receivables, deposits and prepayments		**1,680**	(4,579)
Decrease in contract assets		**286**	3,291
(Decrease) increase in trade payables		**(4,816)**	7,129
Increase in other payables and accruals		**6,043**	3,584
Decrease in contract liabilities		**(117)**	(753)
CASH USED IN OPERATING ACTIVITIES		**(1,185)**	(16,613)
Income tax refunded (paid)		**173**	(177)
NET CASH USED IN OPERATING ACTIVITIES		**(1,012)**	(16,790)
INVESTING ACTIVITIES			
Interest received		**590**	883
Purchase of property, plant and equipment		**(176)**	(342)
Proceeds from disposal of property, plant and equipment		**67**	–
Deposit paid for acquisition of property, plant and equipment		**(2,212)**	–
Settlement of consideration payable for land and building		**–**	(33,641)
Net cash outflow on acquisition of assets and liabilities through acquisition of a subsidiary	30	**(20,402)**	–
Net cash outflow on disposal of subsidiaries	31	**(260)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(22,393)**	(33,100)

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
FINANCING ACTIVITIES		
Advances from a shareholder and a controlling shareholder	**45,986**	24,115
Repayments to a shareholder and a controlling shareholder	**(19,729)**	(47,676)
Proceeds from exercise of share options	**–**	24,860
Proceeds from bank borrowing	**–**	28,110
Repayments of bank borrowing	**(2,225)**	(1,511)
Repayments of lease liabilities	**(2,469)**	(1,936)
Interest paid	**(1,801)**	(1,611)
NET CASH FROM FINANCING ACTIVITIES	**19,762**	24,351
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,643)**	(25,539)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**37,319**	65,467
Effect of foreign exchange rate changes	**3,625**	(2,609)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**37,301**	37,319

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent and ultimate holding company is Resources Rich Capital Limited, a company incorporated in the British Virgin Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is Room 2202, 22/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in jewelry business in the People‘s Republic of China (“PRC”) and Hong Kong (“HK”) and energy business in the PRC, HK and other countries. The Company and its subsidiaries are collectively referred to as the Group. Details of the principal subsidiaries of the Company are out in note 40.

The functional currency of the Company is Renminbi (“RMB”). The consolidated financial statements are presented in Hong Kong dollars (“HK$”), as the Company‘s shares are listed on the Stock Exchange, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK$.

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

Except as described below, the application of the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

For the year ended 31 March 2021

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

Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 Impacts on application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2.2 Impacts on application of Amendments to HKFRS 3 "Definition of a Business"

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The application of the amendments had no impact on the consolidated financial statements in the current year as the acquisition disclosed in note 30 is concluded to be an acquisition of assets would have been reached without applying the optional concentration test.

For the year ended 31 March 2021

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

New and amendments to HKFRSs in issue but not yet effective

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

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

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

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

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

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment” (“HKFRS 2”), leasing transactions that are accounted for in accordance with HKFRS 16 “Leases” (“HKFRS 16”), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

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

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

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

3.1 Basis of preparation of consolidated financial statements (Continued)

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

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

3.2 Significant accounting policies

Basis of consolidation

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

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

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

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

For the year ended 31 March 2021

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

3.2 Significant accounting policies (Continued)

Business combinations or asset acquisitions

Optional concentration test

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.

Asset acquisitions

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 investment properties which are subsequently measured under fair value model, if any, and financial assets or financial liabilities at the respective fair values, 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.

Business combinations

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

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

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

3.2 Significant accounting policies (Continued)

Business combinations or asset acquisitions (Continued)

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 "Income Taxes" ("HKAS 12") 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 at the acquisition date (see the accounting policy below);

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

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

Goodwill is measured as the excess of the sum of the consideration transferred, 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 amount of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed as at the acquisition date. If, after re-assessment, the net amount 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 profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

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

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers

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

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

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

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

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

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

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

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

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group’s efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group’s performance in transferring control of goods or services.

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

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

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.

From contracts entered into or modified on or after the date of initial application or arising from business combinations, 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

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component and accounted for by applying other applicable standards.

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

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Short-term leases

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

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease 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.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

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

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

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, 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 presents lease liabilities as a separate line item in the consolidated statement of financial position.

For the year ended 31 March 2021

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

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

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

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

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

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentive receivable, 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.

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

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For the year ended 31 March 2021

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

3.2 Significant accounting policies (Continued)

Property, plant and equipment

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

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Transfer from owner-occupied property to investment property carried at fair value

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

3.2 Significant accounting policies (Continued)

Investment properties

Investment properties measured using the fair value model

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

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

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired in an assets acquisition and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in asset acquisitions with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

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

3.2 Significant accounting policies (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets (Continued)

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

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

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

3.2 Significant accounting policies (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e. HK$) are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme (the "MPF Scheme"), are recognised as an expense when employees have rendered service entitling them to the contributions.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

For the year ended 31 March 2021

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

3.2 Significant accounting policies (Continued)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before taxation because of income or expense that are taxable or deductible in other years and that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3.2 Significant accounting policies (Continued)

Taxation (Continued)

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

For the year ended 31 March 2021

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

3.2 Significant accounting policies (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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.

All other financial assets are subsequently measured at fair value.

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

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.

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

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

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

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on trade receivables and contract assets are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group 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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (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 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 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.

For the year ended 31 March 2021

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events 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; or

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

(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. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

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

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

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.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expires.

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

For the year ended 31 March 2021

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities, including trade payables, other payables, bank borrowing and loans from a shareholder and a controlling shareholder are subsequently measured at amortised cost, using the effective interest method.

Derecognition and modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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

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

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

3.2 Significant accounting policies (Continued)

Borrowing costs

Borrowing costs which are not qualified for capitalisation are recognised in profit or loss in the period in which they are incurred.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees and others providing similar services

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration of all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

For the year ended 31 March 2021

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgment in applying accounting policies

The following is the critical judgment that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. Accordingly, deferred taxation in relation to the Group's investment properties has been measured based on the tax consequences of recovering the carrying amounts entirely through use.

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.

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

Key sources of estimation uncertainty (Continued)

Fair value of investment properties

At the end of the reporting period, the Group's investment properties are stated at fair value of HK$79,274,000 (2020: HK$22,153,000) based on the valuation performed by an independent qualified professional valuer. In determining the fair value, the valuer has applied a market value basis which involves, inter-alia, significant unobservable input and significant judgement, representing market rent and capitalisation rate. In relying on the valuation, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions.

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

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates, the growth rate and budgeted gross margin in the cash flow projections, could materially affect the recoverable amounts.

As at 31 March 2021, the carrying amounts (before taking into account of the impairment assessment) of property, plant and equipment and right-of-use assets under impairment assessment are HK$13,314,000 and HK$9,262,000 (2020: HK$43,083,000 and HK$11,436,000), respectively, which are related/allocated to sales of solar energy products CGU and sales of jewelry products CGU. The impairment losses of HK$4,206,000 and HK$3,459,000 (2020: nil and nil) in respect of property, plant and equipment and right-of-use assets have been recognised, respectively, during the year ended 31 March 2021.

Provision of ECL for trade receivables and contract assets

Trade receivables and contract assets are assessed for ECL individually. In addition, the Group applies simplified approach to calculate ECL for the trade receivables and contract assets. The Group applies internal credit rating for its customers and they are assessed individually by reference to the Group's historical default rates taking into consideration reasonable and supportable forward-looking information that is available without undue costs or effort. As at 31 March 2021 and 2020, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in notes 34, 20 and 21, respectively.

5. REVENUE

(i) Disaggregation of revenue from contracts with customer

	2021	2020
	HK$'000	HK$'000
Revenue from sales of goods:		
Jewelry products	**17,804**	29,160
Solar energy products	**38,207**	79,925
Refined oil	**209**	–
Revenue from provision of services:		
Technical improvement services for solar energy projects	**–**	1,555
Total revenue	**56,220**	110,640
Timing of revenue recognition:		
A point in time	**56,220**	109,085
Over time	**–**	1,555
	56,220	110,640

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended 31 March 2021		
	Jewelry business HK$'000	**Energy business HK$'000**	**Total HK$'000**
Sales of jewelry products	**17,804**	**–**	**17,804**
Sales of solar energy products	**–**	**38,207**	**38,207**
Sales of refined oil	**–**	**209**	**209**
	17,804	**38,416**	**56,220**

5. REVENUE (Continued)

(i) Disaggregation of revenue from contracts with customer (Continued)

	For the year ended 31 March 2020		
	Jewelry business HK$'000	Energy business HK$'000	Total HK$'000
Sales of jewelry products	29,160	–	29,160
Sales of solar energy products	–	79,925	79,925
Provision of technical improvement services on solar energy projects	–	1,555	1,555
	29,160	81,480	110,640

(ii) Performance obligations for contracts with customers

(a) Sales of jewelry products and solar energy products

The Group recognises revenue from the sales of jewelry products and solar energy products when the performance obligations are satisfied which refers to delivery of goods to the customers, at this point, the Group has no unfulfilled obligation that could affect the customers' acceptance of the products. Performance obligations are satisfied at a point in time once control of the goods has been transferred to the customers. The customers have obtained control on the goods through their ability to direct the use of and obtain substantially all the benefits from the goods, and, at the same time, the customers have accepted the risks of obsolescence and loss of the products.

Revenue from sales of jewelry and solar energy products is recognised based on the price specified in the contracts with customers. No element of financing is deemed present as the sales are made with an average credit term of 30 to 365 days.

The Group has no particular policy on the amounts received prior to the delivery of jewelry and solar energy products and it is negotiated with customers on contract by contract basis. The advance payments received from customers are recognised as contract liabilities throughout the period before the control of the goods is transferred to customers.

(b) Sales of refined oil

The Group recognised revenue from sales of refined oil when control of refined oil has transferred, being at the point the customer purchases the refined oil at filling station. Payment of the transaction price is due immediately at the point the customer purchases the goods.

5. REVENUE (Continued)

(ii) Performance obligations for contracts with customers (Continued)

(c) Provision of services

The Group provides services for technical improvement on solar energy projects, which include repairs, maintenance and modification on customer's existing solar energy modules. Provision of such services are recognised as revenue over time as the Group's performance obligations are satisfied over time by enhancing the assets that the customers control when the Group performs the improvement work. Revenue from provision of these services is recognised based on the stage of completion of the contract using input method with reference to the portion of costs incurred relative to total costs.

The Group is entitled to invoice the customers in accordance with the terms stated in the relevant contracts and the Group allows a general credit period of 5 days for the amount invoiced.

The Group would require advance payments from customers before the commencement of the relevant services for certain contracts. It would give rise to contract liabilities at the start of a contract until the revenue recognised on the relevant contract exceeding the amount of advance payments received.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All transactions in respect of sales of goods and provision of services take place within a year and, thus, the transaction prices allocated to the unsatisfied contracts are not disclosed according to the practical expedient of HKFRS 15.

6. SEGMENT INFORMATION

Information regularly reviewed by the chief operating decision maker (the "CODM"), represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance focuses on nature of the Group's businesses and operations. The Group's operating and reportable segments are therefore as follows:

(i) Jewelry business (wholesale of jewelry products); and

(ii) Energy business (including i) manufacture and sales of solar cooling intelligent technology products using thermal cooling-stored pipes and sales of solar photovoltaic modules and components (which are collectively referred to as solar energy products); ii) provision of energy efficiency analysis and technology improvement advisory services on solar energy projects (which are collectively referred to as technical improvement services on solar energy projects); and iii) sales of refined oil).

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit or loss by each segment without allocation of gain from change in fair value of investment properties, certain impairment loss on right-of-use assets, unallocated corporate expenses which include central administration costs, directors' remuneration at the head office and certain equity-settled share-based payments, unallocated corporate income and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

For the year ended 31 March 2021

6. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the year ended 31 March 2021

	Jewelry business HK$'000	Energy business HK$'000	Total HK$'000
Revenue	**17,804**	**38,416**	**56,220**
Segment profit (loss)	**31**	**(18,231)**	**(18,200)**
Unallocated other gains			**1,327**
Unallocated corporate income			**5,116**
Unallocated corporate expenses			**(9,331)**
Unallocated impairment loss on right-of-use assets			**(1,911)**
Finance costs			**(3,471)**
Loss before taxation			**(26,470)**

For the year ended 31 March 2020

	Jewelry business HK$'000	Energy business HK$'000	Total HK$'000
Revenue	29,160	81,480	110,640
Segment profit (loss)	62	(29,582)	(29,520)
Unallocated corporate income			3,233
Unallocated corporate expenses			(10,093)
Finance costs			(4,881)
Loss before taxation			(41,261)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during both years.

For the year ended 31 March 2021

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	2021 HK$'000	2020 HK$'000
Jewelry business	**2,444**	1,290
Energy business	**114,345**	86,441
Total segment assets	**116,789**	87,731
Bank balances and cash	**37,301**	37,319
Other unallocated assets	**81,030**	26,821
Consolidated assets	**235,120**	151,871
Jewelry business	**2,577**	1,255
Energy business	**59,220**	48,618
Total segment liabilities	**61,797**	49,873
Loans from a shareholder and a controlling shareholder	**109,736**	76,883
Other unallocated liabilities	**10,269**	3,469
Consolidated liabilities	**181,802**	130,225

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

- all assets are allocated to reportable segments other than certain property, plant and equipment, certain right-of-use assets, certain other receivables, deposits and prepayments, investment properties and bank balances and cash.
- all liabilities are allocated to reportable segments other than certain other payables and accruals, lease liabilities, loans from a shareholder and a controlling shareholder and deferred tax liabilities.

Other segment information

For the year ended 31 March 2021

Amounts included in the measure of segment results or segment assets:

	Jewelry business HK$'000	Energy business HK$'000	Unallocated HK$'000	Total HK$'000
Depreciation of property, plant and equipment	–	3,174	8	3,182
Depreciation of right-of-use assets	76	1,456	756	2,288
Amortisation of intangible assets	–	110	–	110
Impairment loss on property, plant and equipment	–	4,206	–	4,206
Impairment loss on right-of-use assets	77	1,471	1,911	3,459
Impairment loss on trade receivables under expected credit loss model	–	1,202	–	1,202
Loss on disposal of property, plant and equipment	–	5	–	5
Additions to non-current assets *(note)*	100	2,562	2,464	5,126

For the year ended 31 March 2021

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 March 2020

Amounts included in the measure of segment results or segment assets:

	Jewelry business HK$'000	Energy business HK$'000	Unallocated HK$'000	Total HK$'000
Depreciation of property, plant and equipment	–	4,161	22	4,183
Depreciation of right-of-use assets	90	1,292	842	2,224
Written-off of trade receivable	–	6,159	–	6,159
Written-down of inventories	–	504	–	504
Equity-settled share-based payments	533	–	312	845
Additions to non-current assets *(note)*	–	542	95	637

Note: Non-current assets included property, plant and equipment, right-of-use assets, investment properties and intangible assets.

Geographical information

The Group's operations are mainly carried out in the PRC, the country of domicile, and HK.

The revenue of the Group is mainly derived from external customers located in the PRC and HK.

The Group's revenue from external customers based on the location of customers are set out below:

	2021 HK$'000	2020 HK$'000
The PRC	**13,772**	20,301
HK	**42,378**	56,203
Australia	**–**	29,566
Others	**70**	4,570
	56,220	110,640

Information about the Group's non-current assets based on the geographical location of the assets is set out below:

	2021 HK$'000	2020 HK$'000
The PRC	**168,653**	76,367
HK	**23**	305
	168,676	76,672

Note: Non-current assets excluded rental deposits.

For the year ended 31 March 2021

6. SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2021	2020
	HK$'000	HK$'000
Customer A *(notes (i) & (iii))*	**30,522**	N/A
Customer B *(note (ii))*	**10,875**	12,794
Customer C *(notes (i) & (ii))*	**6,089**	N/A
Customer D *(notes (i) & (iii))*	**5,767**	N/A

Notes:

(i) "N/A" represents the customers did not contribute more than 10% of the total sales of the Group in the respective years.

(ii) Revenue generated from jewelry business.

(iii) Revenue generated from energy business.

7. OTHER INCOME

	2021	2020
	HK$'000	HK$'000
Interest income	**590**	883
Rental income	**3,905**	1,428
Government grants *(note)*	**323**	–
Others	**472**	922
	5,290	3,233

Note: During the current year, the Group received and recognised government grants of HK$323,000 related to Employment Support Scheme provided by the Hong Kong government.

For the year ended 31 March 2021

8. OTHER GAINS AND LOSSES, NET

	2021	2020
	HK$'000	HK$'000
Gain from change in fair value of investment properties	**1,327**	79
Gain on disposal of subsidiaries *(Note 31)*	**2,960**	–
Written-off of trade receivables *(note)*	**–**	(6,159)
Loss on disposal of property, plant and equipment	**(5)**	–
Net exchange loss	**(214)**	(496)
	4,068	(6,576)

Note: During the year ended 31 March 2020, the Group had written off trade receivables in an aggregate amount of HK$6,159,000 because the directors of the Company confirmed that the counterparties were unreachable and there was no realistic prospect of recovery. The Group had sought for legal advice on actions against one of the counterparties under the Group's recovery procedures.

9. FINANCE COSTS

	2021	2020
	HK$'000	HK$'000
Interest on bank borrowing	**1,633**	1,436
Interest on lease liabilities	**168**	175
Imputed interest on loans from a controlling shareholder	**3,420**	4,856
	5,221	6,467

For the year ended 31 March 2021

10. INCOME TAX

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2021	2020
	HK$'000	HK$'000
Overprovision in prior years	**(173)**	–
Deferred tax *(Note 25)*	**854**	131
Income tax for the year	**681**	131

On 21 March 2018, the Hong Kong Legislative Council passes The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime applies to years of assessment commencing on or after 1 April 2018. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of assessable profits of a qualifying group entity will be taxed at 8.25%, and assessable profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company consider the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Accordingly, Hong Kong Profits Tax for subsidiaries operating in HK is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made for both years as either tax losses are incurred for the subsidiaries operating in HK or the assessable profit is wholly absorbed by tax losses brought forward from previous years.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applied to the PRC subsidiaries is 25%. No provision for the PRC Enterprise Income Tax has been made for the subsidiaries operating in the PRC for both years as either tax losses are incurred for the subsidiaries operating in the PRC or the assessable profit is wholly absorbed by tax losses brought forward from previous years.

For the year ended 31 March 2021

10. INCOME TAX (Continued)

Income tax on profit generated in overseas is calculated on the estimated assessable profit for the year at the rate of taxation prevailing in the country in which the Group operates. No provision for income tax on profit generated in overseas has been made for both years as tax losses are incurred for the subsidiary operating overseas.

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

	2021 HK$'000	2020 HK$'000
Loss before taxation	**(26,470)**	(41,261)
Taxation at the Enterprise Income Tax rate of 25% (2020: 25%)	**(6,618)**	(10,315)
Tax effect of income not taxable for tax purpose	**(816)**	(99)
Tax effect of expenses not deductible for tax purpose	**1,569**	2,358
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,074**	1,018
Utilisation of tax losses previously not recognised	**(64)**	(733)
Tax effect of deductible temporary differences not recognised	**1,952**	–
Overprovision in prior years	**(173)**	–
Tax effect of tax losses not recognised	**3,757**	7,902
Income tax for the year	**681**	131

11. LOSS FOR THE YEAR

	2021 HK$'000	2020 HK$'000
Loss for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**3,230**	4,232
Less: amount capitalised in inventories	**(48)**	(49)
	3,182	4,183
Depreciation of right-of-use assets	**2,288**	2,224
Amortisation of intangible assets	**110**	–
Auditor's remuneration	**1,059**	864
Staff costs (including directors' remuneration *(Note 12)*):		
– salaries, allowances and other benefits	**8,431**	10,868
– retirement benefit scheme contributions	**284**	503
– equity-settled share-based payments	**–**	845
Total staff costs	**8,715**	12,216
Cost of inventories recognised as an expense	**54,040**	106,799
Research and development expense (included in other expenses)	**1,339**	2,834

For the year ended 31 March 2021

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and the chief executive's emoluments

For the year ended 31 March 2021

	Directors' fees HK$'000	Salaries HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors				
Wu Hao	200	288	6	494
Hu Yangjun	200	–	–	200
Chan Wing Yuen, Hubert *(Note)*	200	1,950	116	2,266
Non-executive director				
Li Wei Qi, Jacky	200	–	–	200
Independent non-executive directors				
Wu Chi Keung	200	–	–	200
Jin Qingjun	200	–	–	200
Sun Ivy Connie	200	–	–	200
Total emoluments	1,400	2,238	122	3,760

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Directors' and the chief executive's emoluments (Continued)

For the year ended 31 March 2020

	Directors' fees HK$'000	Salaries HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors				
Wu Hao	200	283	9	492
Hu Yangjun	200	–	–	200
Chan Wing Yuen, Hubert *(Note)*	200	1,950	116	2,266
Non-executive director				
Li Wei Qi, Jacky	200	–	–	200
Independent non-executive directors				
Wu Chi Keung	200	–	–	200
Jin Qingjun	200	–	–	200
Sun Ivy Connie	200	–	–	200
Total emoluments	1,400	2,233	125	3,758

Note: Mr. Chan Wing Yuen, Hubert is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

For the year ended 31 March 2021

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Directors' and the chief executive's emoluments (Continued)

During the years ended 31 March 2021 and 2020, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company waived any remuneration during both years.

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

The non-executive director's emoluments shown above were for his services as the director of the Company and its subsidiaries.

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

Employees' emoluments

Of the five highest paid individuals of the Group, two (2020: two) are directors of the Company whose emoluments are set out in disclosures above. The emoluments of the remaining three (2020: three) highest paid individuals who are neither a director nor the chief executive of the Company are as follows:

	2021 **HK$'000**	2020 HK$'000
Salaries, allowances and other benefits	**1,661**	1,946
Retirement benefit scheme contributions	**49**	47
	1,710	1,993

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

	2021 **No. of** **employee**	2020 No. of employee
Nil to HK$1,000,000	**3**	3

During the years ended 31 March 2021 and 2020, no emoluments were paid by the Group to the above-mentioned individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

For the year ended 31 March 2021

13. LOSS PER SHARE

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

	2021 HK$'000	2020 HK$'000
Loss for the purposes of calculating basic and diluted loss per share:		
Loss for the year attributable to owners of the Company	**(24,613)**	(33,476)

	2021 '000	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**372,264**	339,568

The calculation of diluted loss per share for both years does not assume the exercise of share options since it would result in a decrease in loss per share.

14. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

For the year ended 31 March 2021

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 April 2019	57,731	6,602	2,538	2,514	1,031	70,416
Additions	–	189	–	153	–	342
Transfer to investment properties *(Note 17)*	(15,110)	–	–	–	–	(15,110)
Exchange realignments	(2,959)	(368)	(155)	(126)	(13)	(3,621)
At 31 March 2020	**39,662**	**6,423**	**2,383**	**2,541**	**1,018**	**52,027**
Additions	**–**	**–**	**161**	**15**	**–**	**176**
Disposals	**–**	**–**	**–**	**(133)**	**–**	**(133)**
Disposal of subsidiaries *(Note 31)*	**–**	**–**	**(5)**	**–**	**–**	**(5)**
Acquisition of assets through acquisition of a subsidiary *(Note 30)*	**10,129**	**–**	**2,408**	**45**	**–**	**12,582**
Transfer to investment properties *(Note 17)*	**(31,511)**	**–**	**–**	**–**	**–**	**(31,511)**
Exchange realignments	**1,721**	**475**	**198**	**164**	**15**	**2,573**
At 31 March 2021	**20,001**	**6,898**	**5,145**	**2,632**	**1,033**	**35,709**
DEPRECIATION AND IMPAIRMENT						
At 1 April 2019	1,121	2,133	250	958	945	5,407
Provided for the year	2,086	1,194	488	415	49	4,232
Transfer to investment properties *(Note 17)*	(378)	–	–	–	–	(378)
Exchange realignments	(109)	(128)	(28)	(43)	(9)	(317)
At 31 March 2020	**2,720**	**3,199**	**710**	**1,330**	**985**	**8,944**
Provided for the year	**1,105**	**1,233**	**444**	**420**	**28**	**3,230**
Eliminated on disposals	**–**	**–**	**–**	**(61)**	**–**	**(61)**
Eliminated on disposal of subsidiaries *(Note 31)*	**–**	**–**	**(1)**	**–**	**–**	**(1)**
Impairment loss recognised in profit or loss	**–**	**2,135**	**1,513**	**558**	**–**	**4,206**
Transfer to investment properties *(Note 17)*	**(2,757)**	**–**	**–**	**–**	**–**	**(2,757)**
Exchange realignments	**128**	**331**	**126**	**103**	**14**	**702**
At 31 March 2021	**1,196**	**6,898**	**2,792**	**2,350**	**1,027**	**14,263**
CARRYING VALUES						
At 31 March 2021	**18,805**	**–**	**2,353**	**282**	**6**	**21,446**
At 31 March 2020	36,942	3,224	1,673	1,211	33	43,083

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over shorter of 20 to 30 years or the lease term
Leasehold improvements	Over shorter of 5 years or the lease term
Plant and machinery	10%
Furniture, fixtures and equipment	20%
Motor vehicles	30%

As at 31 March 2021, the Group has pledged owned properties with a carrying value of approximately HK$4,473,000 (2020: HK$32,866,000) to secure bank borrowings granted to the Group.

Impairment assessment

In view of the continuous losses and/or operating cash outflow of the businesses of sales of solar energy products and sales of jewelry products, the management of the Group concluded that there was indication for impairment and conducted impairment assessment on the property, plant and equipment and right-of-use assets with carrying amounts (before taking into account of the impairment assessment) of HK$13,314,000 and HK$9,262,000 (2020: HK$43,083,000 and HK$11,436,000), respectively, to determine the recoverable amounts. The Group estimates the recoverable amount of the sales of solar energy products CGU and the sales of jewelry products CGU to which the property, plant and equipment and right-of-use assets belong because it is not possible to estimate the recoverable amount of the relevant assets individually.

Based on the value in use calculation, an impairment of HK$4,206,000 (2020: nil) has been recognised against the carrying amount of property, plant and equipment during the year ended 31 March 2021. No impairment has been recognised for buildings of HK$8,721,000 as at 31 March 2021, since their recoverable amounts, which are determined using fair value less cost of disposal, are higher than their carrying amounts.

16. RIGHT-OF-USE ASSETS

	Leasehold lands HK$'000	Leased properties HK$'000	Total HK$'000
As at 31 March 2021			
Carrying amount	**7,993**	**2,136**	**10,129**
As at 31 March 2020			
Carrying amount	**8,538**	**2,898**	**11,436**
For the year ended 31 March 2021			
Depreciation charge	**163**	**2,125**	**2,288**
For the year ended 31 March 2020			
Depreciation charge	**236**	**1,988**	**2,224**

	2021 HK$'000	2020 HK$'000
Expense relating to short-term leases	**238**	833
Total cash outflow for lease	**2,469**	2,944
Additions to right-of-use assets	**4,950**	295
Acquisition of right-of-use assets through acquisition of a subsidiary	**2,248**	–

For both years, the Group leases various office and staff quarters for its operations. Lease contracts are entered into for fixed term of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for staff quarters. As at 31 March 2021 and 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

In addition, lease liabilities of HK$5,519,000 (2020: HK$2,937,000) are recognised with related right-of-use assets of HK$2,136,000 as at 31 March 2021 (2020: HK$2,898,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

During the year, management of the Group performed an impairment assessment on certain right-of-use assets with carrying amount (before taking into account of the impairment assessment) of HK$9,262,000 (2020: HK$11,436,000) in accordance with HKAS 36. Based on the value in use calculation, an impairment of HK$3,459,000 (2020: nil) has been recognised against the carrying amount of right-of-use assets during the year ended 31 March 2021. No impairment has been recognised for certain leasehold lands of HK$5,751,000 as at 31 March 2021 since their recoverable amounts which is determined using fair value less cost of disposal is higher than their carrying amounts. Particulars regarding impairment testing are disclosed in note 15.

For the year ended 31 March 2021

17. INVESTMENT PROPERTIES

The Group leases out of its factory under operating leases with rentals payable monthly. The leases typically run for an initial period of four to eight years (2020: four years).

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

	2021 **HK$'000**	2020 HK$'000
At 1 April	**22,153**	–
Exchange adjustments	**4,280**	(869)
Transfers from property, plant and equipment and right-of-use assets	**31,920**	16,474
Revaluation	**19,594**	6,469
Net increase in fair value change charged to profit or loss	**1,327**	79
At 31 March	**79,274**	22,153

During the year ended 31 March 2021, certain portion of the Group's leasehold land and buildings classified as right-of-use assets and property, plant and equipment respectively were revalued by Avista Valuation Advisory Limited ("Avista"), an independent qualified professional valuer not connected to the Group, upon reclassification to investment properties at the inception of the lease on 1 September 2020 (2020: 31 May 2019). The fair value of the property, plant and equipment and right-of-use assets being leased on the date of the inception of the lease is RMB45,600,000 (equivalent to approximately HK$51,514,000) (2020: RMB20,170,000 (equivalent to approximately HK$22,943,000)) and is reclassified to investment properties. The carrying amount on the date of the inception of the lease reclassified to investment properties from property, plant and equipment and right-of-use assets are RMB25,453,000 (equivalent to approximately HK$28,754,000) and RMB2,803,000 (equivalent to approximately HK$3,166,000) (2020: RMB12,952,000 (equivalent to approximately HK$14,732,000) and RMB1,531,000 (equivalent to approximately HK$1,742,000)), respectively. Accordingly, the resulting revaluation surplus, being the difference between the carrying amount and the fair value of that portion of factory (including the relevant right-of-use assets), net of tax, of HK$14,695,000 (2020: HK$4,852,000) is credited to the property revaluation reserve.

The fair value of the Group's investment properties as at 31 March 2021 has been arrived at on the basis of a valuation carried out on the respective dates by Masterpiece Valuation Advisory Limited ("Masterpiece") (2020: Avista), an independent qualified professional valuer not connected to the Group.

17. INVESTMENT PROPERTIES (Continued)

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The fair value measurements of the Group's investment properties were categorised into Level 3 of the fair value hierarchy for both years. There were no transfers into or out of Level 3 during both years.

Fair value measurements using significant unobservable inputs

The following table shows the valuation techniques used in the determination of the fair values of investment properties and unobservable inputs used in the valuation models:

Fair value	Valuation techniques	Unobservable inputs	Significant inputs	Relationship of inputs to fair value
HK$79,274,000 (2020: HK$22,153,000)	Income approach	(i) Capitalisation rate taking into account the capitalisation of rental income potential and nature of properties	2021: 7% (2020: 7%)	The higher the capitalisation rate, the lower the fair value
		(ii) Monthly market rent per square meter	2021: RMB16.9 (2020: RMB16) per month per square meter in average	The higher the market rent, the higher the fair value

As at 31 March 2021 and 2020, the investment properties of the Group have been pledged to secure bank borrowings granted to the Group.

For the year ended 31 March 2021

18. INTANGIBLE ASSETS

	Operating licenses HK$'000
COST	
At 1 April 2020	–
Acquisition of assets through acquisition of a subsidiary *(Note 30)*	55,652
At 31 March 2021	55,652
AMORTISATION	
At 1 April 2020	–
Provided for the year	110
Exchange realignment	3
At 31 March 2021	113
CARRYING VALUES	
At 31 March 2021	55,539

Operating licenses have finite useful live and is amortised on a straight-line basis over 30 years.

19. INVENTORIES

	2021 HK$'000	2020 HK$'000
Raw materials	**226**	211
Work in progress	**2**	2
Finished goods	**6,616**	6,623
	6,844	6,836

For the year ended 31 March 2021

20. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables

	2021 HK$'000	2020 HK$'000
Trade receivables from goods and services	**9,345**	15,524
Less: Allowance for credit losses	**(1,202)**	–
	8,143	15,524

As at 1 April 2019, trade receivables from contracts with customers amounted to HK$24,729,000.

The Group allows an average credit period ranging from 30 to 180 days to its customers of jewelry business and average credit period ranging from 5 to 365 days to its customers of energy business. The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on invoice date at the end of the reporting period:

	2021 HK$'000	2020 HK$'000
Within 30 days	**2,684**	8,022
31 to 90 days	**358**	342
91 to 180 days	**262**	–
Over 180 days	**4,839**	7,160
	8,143	15,524

As at 31 March 2021 and 2020, no trade receivables of the Group are past due.

Other receivables, deposits and prepayments

	2021 HK$'000	2020 HK$'000
Other receivables *(note)*	**10,975**	10,727
Deposits	**969**	516
Prepayments	**1,974**	4,003
	13,918	15,246

Note: Included in other receivable, an amount of HK$2,540,000 (2020: HK$158,000) is financial assets.

Details of the impairment assessment on trade and other receivables are set out in note 34.

For the year ended 31 March 2021

21. CONTRACT ASSETS/CONTRACT LIABILITIES

	2021 **HK$'000**	2020 HK$'000
Contract assets – current		
Provision of services	**–**	274
Contract liabilities – current		
Sales of goods	**221**	316

As at 1 April 2019, contract assets and contract liabilities amounted to HK$3,704,000 and HK$1,120,000, respectively.

Typical payment terms which impact on the amount of contract assets and contract liabilities recognised are as follows:

(a) Sales of goods

The Group would require advance payments from customers for sale of jewelry products and sale of solar energy products before the delivery or arranging for pick up of goods for certain contracts (i.e. before transfer of goods to customers). This gives rise to contract liabilities at the commencement of contracts with the customers and the contract liabilities are recognised in the consolidated statement of financial position throughout the reporting period until the revenue is recognised.

The Group's right to consideration would become unconditional upon transfer of goods to customers. This gives rise to trade receivables.

(b) Provision of services

The Group would require advance payments from customers before commencement of the relevant services for certain contracts. This gives rise to contract liabilities at the commencement of contracts with the customers and the contract liabilities are recognised in the consolidated statement of financial position throughout the reporting period until the revenue recognised on the relevant contracts exceeding the amount of advance payments received.

The Group's right to consideration for completed works, which are yet billed, would become unconditional until the Group satisfies its certain other performance in future. This gives rise to contract assets and they will be transferred to trade receivables when the rights become unconditional.

Details of the impairment assessment of the contract assets are set out in note 34.

All contract liabilities as at 31 March 2020 and 2019 were recognised as revenue during the years ended 31 March 2021 and 2020, respectively.

For the year ended 31 March 2021

22. BANK BALANCES AND CASH

The amounts included short-term deposits with an original maturity of three months or less. Bank deposits carried interest at prevailing market interest rates at 0.001% to 0.6% (2020: 0.001% to 0.6%) per annum.

23. TRADE AND OTHER PAYABLES AND ACCRUALS

Trade payables

	2021 **HK$'000**	2020 HK$'000
Trade payables	**7,699**	14,760

The average credit period on purchase of goods is 365 days.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2021 **HK$'000**	2020 HK$'000
Within 30 days	**1,666**	2,451
31 to 90 days	**752**	383
91 to 180 days	**–**	6,348
Over 180 days	**5,281**	5,578
	7,699	14,760

Other payables and accruals

	2021 **HK$'000**	2020 HK$'000
Other payables	**6,682**	3,505
Refundable deposit from a supplier	**15,796**	–
Accruals	**2,592**	4,227
	25,070	7,732

24. LOANS FROM A SHAREHOLDER AND A CONTROLLING SHAREHOLDER

	2021 **HK$'000**	2020 HK$'000
Analysed for reporting purpose as:		
– Current liabilities	**4,984**	4,754
– Non-current liabilities	**104,752**	72,129
	109,736	76,883

During the year ended 31 March 2021, the Group obtained loans from a controlling shareholder of HK$45,986,000 which are unsecured, interest free and repayable on 1 October 2023. On initial recognition of the new loans from a controlling shareholder, these loans were discounted using the prevailing market rate of interest for similar instruments and an adjustment to the loans of HK$3,629,000 is credited to reserve under the heading of "shareholder's contribution reserve" in the consolidated statement of changes in equity.

During the year ended 31 March 2020, a supplementary agreement was signed with the controlling shareholder for the extension of repayment period to 1 October 2023. On initial recognition of these non-current loans, these loans were discounted using the prevailing market rate of interest for similar instruments and an adjustment to the loans of HK$4,969,000 was credited to reserve under the heading of "shareholder's contribution reserve" in the consolidated statement of changes in equity.

As at 31 March 2021 and 2020, the loans from a shareholder recognised as current liabilities are unsecured, interest free and repayable on demand.

As at 31 March 2021 and 2020, the loans from a controlling shareholder recognised as non-current liabilities are unsecured, interest free and repayable on 1 October 2023.

25. DEFERRED TAXATION

The following is the deferred tax liability recognised and movements thereon during the current year:

	Fair value change on investment property **HK$'000**	**Accelerated tax depreciation** **HK$'000**	**Total** **HK$'000**
At 1 April 2019	**–**	**26**	**26**
Charged to profit or loss	**20**	**111**	**131**
Charged to other comprehensive income	**1,617**	**–**	**1,617**
Exchange realignment	**(62)**	**(7)**	**(69)**
At 31 March 2020	**1,575**	**130**	**1,705**
Charged to profit or loss	**332**	**522**	**854**
Charged to other comprehensive income	**4,899**	**–**	**4,899**
Exchange realignment	**370**	**40**	**410**
At 31 March 2021	**7,176**	**692**	**7,868**

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25. DEFERRED TAXATION (Continued)

At the end of the reporting period, the Group has unused tax losses of HK$74,027,000 (2020: HK$60,912,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$41,747,000 (2020: HK$32,974,000) that will expire in 5 years from the year of origination which is ranging from year 2022 to year 2026 (2020: year 2021 to year 2025). During the year ended 31 March 2021, tax losses of HK$1,657,000 (2020: HK$1,013,000) originated from the PRC entities were expired. Other losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK$1,952,000 (2020: Nil). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. No deferred taxation was provided in the consolidated financial statements in respect of temporary differences of HK$155,000 (2020: HK$414,000) which arises from the undistributed profits of certain PRC subsidiaries as the Company controls the dividend policy of these subsidiaries and it is probable that the profits will not be distributed in the foreseeable future.

26. BANK BORROWING

	2021 **HK$'000**	2020 HK$'000
Secured bank borrowing repayable:		
Within one year	**2,499**	2,080
Within a period of more than one year but not exceeding two years	**2,649**	2,227
Within a period of more than two years but not exceeding five years	**8,935**	7,665
Within a period of more than five years	**11,606**	13,920
	25,689	25,892
Less: Amount due for settlement within 12 months shown under current liabilities	**(2,499)**	(2,080)
Amount due for settlement after 12 months shown under non-current liabilities	**23,190**	23,812

The bank borrowings is at floating rate which carries interest at The People's Bank of China base rate plus/minus a spread. The effective interest rate on the Group's bank borrowings was 3.40% (2020: 3.90%) for the year ended 31 March 2021.

As at 31 March 2021, the Group pledged certain property plant and equipment, investment properties and right-of-use assets with aggregate carrying amount of HK$89,497,000 (2020: HK$63,557,000) to the bank as the collateral for the bank borrowing.

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27. LEASE LIABILITIES

	2021 **HK$'000**	2020 HK$'000
Lease liabilities payable:		
Within one year	**3,081**	1,424
Within a period of more than one year but not more than two years	**2,289**	1,003
Within a period of more than two years but not more than five years	**149**	510
	5,519	2,937
Less: Amount due for settlement within 12 months shown under current liabilities	**(3,081)**	(1,424)
Amount due for settlement after 12 months shown under non-current liabilities	**2,438**	1,513

The weighted average incremental borrowing rates applied to lease liabilities range from 3.50% to 4.75% (2020: 3.50% to 4.75%).

28. SHARE CAPITAL

	Number of shares '000	**Amount** HK$'000
Ordinary shares with nominal value of HK$0.01 each		
Authorised:		
At 1 April 2019, 31 March 2020 and 31 March 2021	**10,000,000**	**100,000**
Issued and fully paid:		
At 1 April 2019	338,154	3,382
Issue of ordinary shares *(note)*	34,110	341
At 31 March 2020 and 31 March 2021	372,264	3,723

Note: During the year ended 31 March 2020, total of 34,110,000 share options are exercised by the grantees at the exercise price ranging from HK$0.636 to HK$1.148 each with total consideration received by the Company of HK$24,860,000. The new shares issued rank pari passu in all respects with the existing shares in issue.

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29. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") for the purpose of recognising and acknowledging the contributions made by the participants to the Company, motivating the participants to optimise their performance and efficiency for the benefits of the Group and to maintain or attract business relationship with the participants whose contributions are beneficial to the growth of the Group.

The Group may grant to any participant who has made valuable contributions to the business of the Group based on his or her performance and/or years of service, or is regarded as valuable resources of the Group based on his or her work experience and knowledge in the industry, or is expected to be able to contribute to the prosperity, business development or growth of the Group based on his or her business connection and network.

The Share Option Scheme became effective on 9 September 2016 and, unless otherwise cancelled or amended, will remain in force for a period of ten years from the date of its adoption. HK$10.00 is payable by each eligible participant to the Company on acceptance of the grant of an option.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to each eligible participant in any 12-month period must not exceed 1% of the aggregate number of shares of the Company in issue. Where any further grant of options to an eligible participant would result in the shares issued or to be issued upon exercise of all options granted and to be granted to such eligible participant in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares of the Company in issue, such further grant must be separately approved by the shareholders in general meeting with such an eligible participant and his associates abstaining from voting.

The exercise price of the share options is determined by the committee of the board of the directors of the Company, but is at least be the highest of: (a) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (b) the average of the closing prices of the shares as stated in the daily quotation sheets issued by the Stock Exchange over the five trading days immediately preceding the date of grant; and (c) the nominal value of a share.

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29. SHARE OPTION SCHEME (Continued)

On 15 July 2019, 480,000 share options with an exercise price of HK$0.94 per share were granted by the Company to the eligible consultant. The share options granted were fully vested on 15 July 2019 and become exercisable from 15 July 2019 to 14 July 2029.

The fair value of the share options granted on 15 July 2019 is calculated using the Binomial model. The inputs into the models are as follows:

Grant date	15 July 2019
Stock price	HK$0.94 per share
Exercise price	HK$0.94 per share
Risk-free rate	1.50%
Expected dividend yield	0%
Expected volatility	55.56%
Expiry date	14 July 2029
Time to maturity	10 years

Expected volatility is determined by using the average historical volatility of comparable companies and the Company as at valuation date.

29. SHARE OPTION SCHEME (Continued)

The following table discloses details of the share options held by directors of the Company and eligible employees and consultants and movements in such holdings during both years.

(a) Share options granted on 9 March 2018

Grantee	Date of grant	Exercise price HK$	Exercisable period	Number of options: Outstanding at 1 April 2019	Number of options: Exercised during the year	Number of options: Outstanding at 31 March 2020 and 2021
Employees	9 March 2018	1.148	1 July 2018 to 8 March 2028	2,800,000	(2,800,000)	–
Consultants	9 March 2018	1.148	1 July 2018 to 8 March 2028	3,100,000	(3,100,000)	–
				5,900,000	(5,900,000)	–
Exercisable at the beginning/end of the year				300,000		–
Weighted average exercise price				HK$1.148	HK$1.148	–

During the year ended 31 March 2020, the Group recognises the total expense of HK$625,000 in relation to these share options. No share options expense was recognised during the current year.

In respect of the share options exercised during the year ended 31 March 2020, the weighted average share price at the dates of exercise was HK$0.63 per share.

29. SHARE OPTION SCHEME (Continued)

(b) Share options granted on 19 October 2018

Grantee	Date of grant	Exercise price HK$	Exercisable period	Number of options: Outstanding at 1 April 2019	Exercised during the year	Outstanding at 31 March 2020 and 2021
Directors	19 October 2018	0.636	1 January 2019 to 18 October 2028	7,920,000	(6,930,000)	**990,000**
Employees	19 October 2018	0.636	1 January 2019 to 18 October 2028	22,600,000	(18,800,000)	**3,800,000**
Consultants	19 October 2018	0.636	1 January 2019 to 18 October 2028	2,000,000	(2,000,000)	**-**
				32,520,000	(27,730,000)	**4,790,000**
Exercisable at the beginning/ end of the year				32,520,000		**4,790,000**
Weighted average exercise price				HK$0.636	HK$0.636	**HK$0.636**

In respect of share options exercised during the year ended 31 March 2020, the weighted average share price of the dates of exercise was HK$0.63 per share.

29. SHARE OPTION SCHEME (Continued)

(c) Share options granted on 15 July 2019

				Number of options			
Grantee	Date of grant	Exercise price HK$	Exercisable period	Outstanding at 1 April 2019	Granted during the year	Exercised during the year	Outstanding at 31 March 2020 and 2021
Consultants	15 July 2019	0.94	15 July 2019 to 14 July 2029	–	480,000	(480,000)	–
				–	480,000	(480,000)	–
Exercisable at the beginning/end of the year				–			–
Weighted average exercise price				N/A	HK$0.94	HK$0.94	–

The estimated fair value of share options granted on 15 July 2019 was HK$220,000.

During the year ended 31 March 2020, the Group recognised the total expense of approximately HK$220,000 in relation to these share options. No share options expense was recognised during the current year.

In respect of share options exercised during the year ended 31 March 2020, the weighted average share price of the dates of exercise was HK$0.95 per share.

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30. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

On 10 October and 31 December 2020, the Group enters into an equity transfer agreement and a supplemental agreement for the acquisition of 51% of equity interest in Chengdu Kaibangyuan Trading Co., Ltd (成都凱邦源商貿有限公司) ("Chengdu Kaibangyuan") at a cash consideration of RMB30,600,000 (equivalent to approximately HK$36,206,000). The acquisition was completed in March 2021. The directors of the Company are of the opinion that the acquisition does not constitute business combination as defined in HKFRS 3, therefore, the acquisition has been accounted for as acquisition of assets.

Assets and liabilities recognised at the date of acquisition were as follows:

	HK$'000
Property, plant and equipment	12,582
Intangible assets	55,652
Right-of-use assets	2,248
Other receivables	639
Bank balances and cash	15,804
Trade and other payables	(15,933)
	70,992

Net cash outflow on acquisition of Chengdu Kaibangyuan:

	HK$'000
Cash consideration paid	(36,206)
Less: cash and cash equivalents balances acquired	15,804
	(20,402)

Acquisition-related costs amounting to HK$158,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

The non-controlling interests recognised at the acquisition date was measured by reference to the proportionate share of the fair value of the acquirees' identifiable net assets and amounted to HK$34,786,000.

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31. DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2021, the Group disposed entire interests in ET Solar Development Company Limited (南京建展新能源科技研發有限公司) ("Nanjing ET Solar") and 兆通能源科技泰州有限公司 at cash consideration of HK$2. The net assets of two subsidiaries at the date of disposal were as follows:

	2021 HK$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	4
Right-of-use assets	216
Inventories	130
Trade and other receivables	1,357
Bank balances and cash	260
Trade and other payable	(8,988)
Lease liabilities	(172)
Net liabilities disposed of	(7,193)
Gain on disposal of a subsidiary:	
Consideration received	–
Net liabilities disposed of	7,193
Non-controlling interests	(4,233)
Gain on disposal	2,960
Net cash outflow arising on disposal:	
Cash consideration	–
Less: bank balances and cash disposed of	(260)
	(260)

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32. RETIREMENT BENEFIT SCHEME

Since 1 December 2000, the Group has operated pension schemes under the rules and regulations of the MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately in an independently managed fund. Contributions are made based on a percentage of the employee's salaries and are charged to the consolidated statement of profit or loss and other comprehensive income as incurred in accordance with the rules of the MPF scheme.

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

There are defined contribution retirement plans established in the United States for all domestic employees who meet certain eligibility requirements as to age and length of service.

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of HK$284,000 (2020: HK$503,000) represents contributions paid to the schemes by the Group at rates specified in the rules of the schemes.

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes loans from a shareholder and a controlling shareholder, bank borrowing and lease liabilities as disclosed in notes 24, 26 and 27, respectively, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the issuance of new shares and raising of new borrowings.

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34. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
Amortised cost	**49,190**	53,791
Financial liabilities		
Amortised cost	**165,602**	121,039

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, deposits, bank balances and cash, trade payables, other payables, bank borrowing, lease liabilities and loans from a shareholder and a controlling shareholder. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group's fair value interest rate risk relates primarily to lease liabilities and loans from a controlling shareholder. The Group has not used any derivatives to hedge against the risk as the directors of the Company consider that the Group's exposure to fair value interest rate risk is not significant.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowing and bank balances. It is the Group's policy to keep its bank balances at floating rate of interests so as to minimise the fair value interest rate risk.

The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The directors of the Company consider the Group's exposure to interest rate risk relating to variable-rate bank balances is insignificant. Accordingly, no sensitivity analysis is presented.

The sensitivity analysis below has been determined based on the exposure to interest rates for its variable-rate bank borrowing. The analysis is prepared assuming the variable-rate bank borrowing at the end of each reporting period were outstanding for the whole year and 50 basis points increase or decrease are used.

If interest rates have been 50 basis points higher/lower for variable-rate bank borrowing and all other variables were held constant, the Group's loss for the year ended 31 March 2021 would increase/decrease by HK$128,000 (2020: HK$130,000).

Currency risk

The Group's major monetary assets and liabilities are denominated in the functional currencies of the respective group entities, except for certain balances denominated in HK$ and US$ for the group entities with HK$ or US$ or RMB as their functional currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Functional currency as US$ against HK$	**32,688**	355	**(479)**	(684)
Functional currency as HK$ against US$	**4,555**	12,768	**(1,918)**	(14,464)
Functional currency as RMB against HK$	**18**	167	**(784)**	(828)
Functional currency as RMB against US$	**2,288**	2,282	**–**	(316)

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

For a group entity with US$ or HK$ as its functional currency and holding monetary assets and/or liabilities denominated in HK$ or US$, the directors of the Company consider that, as HK$ is pegged to US$, the Group is not subject to significant foreign currency risk from change in foreign exchange rate of HK$ against US$ or US$ against HK$. Accordingly, no sensitivity analysis is presented below.

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34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

If HK$ increases/decreases against RMB by 5%, with all other variables held constant, the Group's loss for the year would increase/decrease by HK$38,000 (2020: HK$33,000). If US$ increase/decrease against RMB by 5% with all other variables held constant, the Group's loss for the year would decrease/increase by HK$114,000 (2020: HK$98,000). 5% is the sensitivity rate used by the management of the Group in the assessment of the reasonably possible change in the foreign exchange rate.

The directors of the Company consider that other than those mentioned above, the sensitivity of the Group's exposure against the changes in other foreign exchange rate is not significant as the foreign currency denominated monetary assets and liabilities of individual group entities were insignificant at the end of the reporting period.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group‘s counterparties default on their contractual obligations resulting in financial losses to the Group. The Group‘s credit risk exposures are primarily attributable to trade receivables, other receivables, deposits, contract assets and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
High risk	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

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34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2021 HK$'000	Gross carrying amount 2020 HK$'000
Financial assets at amortised cost					
Trade receivables – goods and services	N/A	Low risk	Lifetime ECL (not credit-impaired and assessed individually)	**4,793**	15,524
	N/A	High risk	Lifetime ECL (not credit-impaired and assessed individually)	**4,552**	–
Other receivables and deposits	N/A	Low risk	12m ECL (assessed individually)	**3,509**	674
Contract assets	N/A	Watch list	Lifetime ECL (not credit-impaired and assessed individually)	**–**	274
Bank balances	A1 to Baa2	N/A	12m ECL (assessed individually)	**37,206**	37,241

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets 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, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group applies simplified approach on trade receivables and contract assets to assess for ECL. To measure ECL of trade receivables and contract assets, the Group applies internal credit rating for its customers and they are assessed individually by reference to past default experience, current past due exposure of the debtors and an analysis of the debtors' current financial position. The ECL rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date.

The Group has concentration of credit risk on the trade receivables. As at 31 March 2021, 41% (2020: 49%) of trade receivables is due from the one debtor and 95% (2020: 99%) of trade receivables is due from the highest five debtors (2020: five debtors). The directors of the Company are of the opinion that the credit risk in respect of these customers are not material as continuous repayments from these customers were noted during the year.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on past default experience, current past due exposure of the debtors and an analysis of the debtors' current financial position within lifetime ECL (not credit-impaired). Debtors with significant outstanding balances with gross carrying amounts of HK$9,345,000 as at 31 March 2021 (2020: HK$15,798,000) were assessed individually.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Gross carrying amount

	2021			2020		
Internal credit rating	**Average loss rate**	**Trade receivables HK$'000**	**Contract assets HK$'000**	Average loss rate	Trade receivables HK$'000	Contract assets HK$'000
Low risk	**0.1%**	**4,793**	**–**	0.1%	15,524	–
Watch list	**–**	**–**	**–**	1.5%	–	274
High risk	**26%**	**4,552**	**–**	–	–	–
		9,345	**–**		15,524	274

The contract assets have substantially the same risk characteristics as the trade debtors for the same type of contracts. The Group has therefore concluded that the loss rates for trade debtors are a reasonable approximation of the loss rates for contract assets. During the year ended 31 March 2021, the Group provided HK$1,202,000 (2020: nil) and nil (2020: nil) impairment allowance for trade receivables and contract asset, respectively.

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 March 2021 and 2020, the Group assessed the ECL for other receivables and deposits were insignificant and thus no loss allowance was recognised.

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant.

34. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents (representing bank balances and cash) deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate % per annum	On demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts HK$'000
As at 31 March 2021							
Trade payables	–	7,699	–	–	–	7,699	7,699
Other payables	–	22,478	–	–	–	22,478	22,478
Lease liabilities	4.50	3,227	2,512	169	–	5,908	5,519
Bank borrowing	3.40	3,948	3,948	11,844	12,836	32,576	25,689
Loans from a shareholder and a controlling shareholder	4.75	4,984	117,638	–	–	122,622	109,736
		42,336	124,098	12,013	12,836	191,283	171,121

	Weighted average interest rate % per annum	On demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts HK$'000
As at 31 March 2020							
Trade payables	–	14,760	–	–	–	14,760	14,760
Other payables	–	3,505	–	–	–	3,505	3,505
Lease liabilities	4.50	1,488	1,101	574	–	3,163	2,937
Bank borrowing	3.90	3,804	3,804	11,412	16,173	35,193	25,892
Loans from a shareholder and a controlling shareholder	4.75	4,754	–	84,849	–	89,603	76,883
		28,311	4,905	96,835	16,173	146,224	123,977

Fair value

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

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35. RECONCILIATION OF A LIABILITY ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liability arising from financing activities, including both cash and non-cash changes. Liability arising from financing activities is that for which cash flows were, or future cash flow will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowing	**Lease liabilities**	**Loans from a shareholder and a controlling shareholder**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2019	–	4,783	106,729	111,512
Finance costs recognised	1,436	175	4,856	6,467
Adjustment to shareholder's contribution reserve	–	–	(4,969)	(4,969)
Addition	–	295	–	295
Financing cash flows	25,163	(2,111)	(23,561)	(509)
Exchange difference	(707)	(205)	(6,172)	(7,084)
At 31 March 2020	**25,892**	**2,937**	**76,883**	**105,712**
Finance costs recognised	**1,633**	**168**	**3,420**	**5,221**
Adjustment to shareholder's contribution reserve	**–**	**–**	**(3,629)**	**(3,629)**
New and extended leases	**–**	**4,926**	**–**	**4,926**
Disposal of subsidiaries	**–**	**(172)**	**–**	**(172)**
Financing cash flows	**(3,858)**	**(2,637)**	**26,257**	**19,762**
Exchange difference	**2,022**	**297**	**6,805**	**9,124**
At 31 March 2021	**25,689**	**5,519**	**109,736**	**140,944**

For the year ended 31 March 2021

36. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The property held for rental purposes have committed lessees for the next seven (2020: four) years.

Undiscounted lease payments receivable on leases are as follows:

	2021 **HK$'000**	2020 HK$'000
Within one year	**5,873**	1,668
In the second year	**6,308**	1,668
In the third year	**5,291**	1,668
In the fourth year	**4,273**	834
In the fifth year	**4,273**	–
After five years	**8,191**	–
	34,209	5,838

37. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration for key management personnel of the Group, including amounts paid to the executive directors of the Company as disclosed in note 12 is as follows:

	2021 **HK$'000**	2020 HK$'000
Short-term benefits	**4,499**	4,779
Post employment benefits	**171**	173
	4,670	4,952

The remuneration of key management personnel of the Group is determined having regard to the performance of individuals and market trends.

38. PLEDGE OF ASSETS

The Group's bank borrowings had been secured by the pledged of the Group's assets at the carrying amounts of the respective assets are as follows:

	2021	2020
	HK$'000	HK$'000
Property, plant and equipment	**4,473**	32,866
Investment properties	**79,274**	22,153
Right-of-use assets	**5,750**	8,538
	89,497	63,557

39. NON-CASH TRANSACTIONS

During the year ended 31 March 2021, the Group entered into new lease agreements and renewed lease agreements for the use of offices and staff quarters for 1 to 3 years (2020: staff quarters for 2 years). On the lease commencement, the Group recognised HK$4,950,000 (2020: HK$295,000) of right-of-use asset and HK$4,926,000 (2020: HK$295,000) of lease liability.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries of the Company as at 31 March 2021 and 2020 are as follows:

Name of subsidiary	Country/place of incorporation or registration	Principal place of operation	Nominal value of issued/ registered capital	Proportion of nominal value of issued/registered capital held by the Group 2021	2020	Principal activities
First Corporate International Limited*	British Virgin Islands ("BVI")	HK	US$1	**100%**	100%	Investment holding
Nation Power Group Limited*	BVI	HK	US$100	**100%**	100%	Investment holding
Sinoble Jewelry Limited	Hong Kong	HK	HK$1	**100%**	100%	Jewelry business for purchase and distribution of jewelry
廣州億恒珠寶有限公司 *(note (3))*	The PRC	The PRC	HK$15,000,000	**100%**	100%	Jewelry business for purchase and distribution of jewelry
Guo Rong Holdings Limited	Hong Kong	HK	HK$1	**100%**	100%	Cost center for other group entities
Global Fortune Investment Limited*	Republic of Seychelles	HK	US$1	**100%**	100%	Investment holding
寧波升谷節能科技有限公司 *(note (3))*	The PRC	The PRC	HK$25,000,000	**100%**	100%	Energy business for manufacturing and distribution of solar energy products
余姚市億恒太陽能科技有限公司 *(note (3))*	The PRC	The PRC	RMB60,000	**100%**	100%	Energy business for manufacturing and distribution of solar energy products
Asia Environment Protection Holding Co., Limited (previously named Asia ET Environment Protection Holding Co., Limited)	Hong Kong	HK	HK$10,000	**100%**	100%	Energy business for purchase and distribution of solar energy products
Effective Success Limited*	Republic of Seychelles	HK	US$1	**100%**	100%	Investment holding
NEF Power Inc.	United States	United States	US$200,000	**100%**	100%	Energy business for purchase and distribution of solar energy products
NEF Power (Taizhou) Co., Ltd. (北能電氣(泰州)有限公司) ("NEF Taizhou") *(note (1))*	The PRC	The PRC	RMB1,000,000	**51%**	51%	Energy business for manufacturing and distribution of solar energy products and related services
Nanjing ET Solar *(notes (2) and (5))*	The PRC	The PRC	RMB1,000,000	**N/A**	42% *(note (4))*	Energy business for manufacturing and distribution of solar energy products
Chengdu Kaibangyuan *(notes (2) and (6))*	The PRC	The PRC	RMB27,000,000	**51%**	–	Energy business for sale of refined oil

* Directly held by the Company.

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40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Notes:

(1) This entity is established in the PRC in form of a limited liability Company (Taiwan, Hong Kong or Macau and domestic joint venture).

(2) This entity is established in the PRC in form of a limited liability Company.

(3) This entity is established in the PRC in form of a wholly foreign owned enterprise.

(4) The Group held 42% equity interest in Nanjing ET Solars by contributing a capital of RMB420,000 into it and it was, therefore regarded as an associate of the Group previously. In January 2019, the Group entered into an agreement of acting in concert with two of the investors, which in aggregate held 15% in Nanjing ET Solar. Pursuant to the agreement, all the decisions to be made by these two investors in the shareholders' and board of directors' meetings should follow that of the Group for a period of 50 years from the date of the agreement. The Group, therefore, obtained the control on Nanjing ET Solars without changes in its shareholding on the date the agreement of acting in concert was signed.

(5) This entity was disposed of during the year ended 31 March 2021. Details are set out in note 31.

(6) This entity was acquired during the year ended 31 March 2021. Details are set out in note 30.

The above table only includes those subsidiaries which, in the opinion of the directors of the Company, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

The PRC subsidiaries maintained RMB denominated bank balances. The remittance of these funds out of the PRC is subject to exchange restriction imposed by the PRC government.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in HK. The principal activities of these subsidiaries are either investment holding or inactive.

For the year ended 31 March 2021

41. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2021	2020	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
NEF Taizhou	Incorporated and operating in the PRC – Taizhou	**49%**	49%	**(1,169)**	(4,531)	**(4,103)**	(3,177)
Chengdu Kaibangyuan	Incorporated and operating in the PRC – Chengdu	**49%**	–	**(168)**	–	**34,612**	–
An immaterial subsidiary with non-controlling interests				**(1,201)**	(3,385)	**18**	(2,799)
				(2,538)	(7,916)	**30,527**	(5,976)

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below.

The summarised financial information below represents amounts show in NEF Taizhou's financial statements prepared in accordance with HKFRSs before intragroup elimination.

NEF Taizhou

	2021 HK$'000	2020 HK$'000
Current assets	**7,958**	6,378
Non-current assets	**75**	745
Current liabilities	**(16,407)**	(13,607)
Equity attributable to owners of the Company	**(4,271)**	(3,307)
Non-controlling interests of NEF Taizhou	**(4,103)**	(3,177)

For the year ended 31 March 2021

41. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

NEF Taizhou (Continued)

	2021 HK$'000	2020 HK$'000
Revenue	**13,509**	4,477
Expenses	**(15,894)**	(13,723)
Loss for the year	**(2,385)**	(9,246)
Loss attributable to owners of the Company	**(1,216)**	(4,715)
Loss attributable to non-controlling interests of NEF Taizhou	**(1,169)**	(4,531)
Loss for the year	**(2,385)**	(9,246)
Other comprehensive income (expense) attributable to owners of the Company	**252**	(212)
Other comprehensive income (expense) attributable to non-controlling interests of NEF Taizhou	**243**	(203)
Other comprehensive income (expense) for the year	**495**	(415)
Total comprehensive expense attributable to owners of the Company	**(964)**	(4,927)
Total comprehensive expense attributable to non-controlling interests of NEF Taizhou	**(926)**	(4,734)
Total comprehensive expense for the year	**(1,890)**	(9,661)
Net cash (outflows) inflows from operating activities	**(552)**	772
Net cash outflows from investing activities	**(95)**	(245)
Net cash outflows from financing activities	**(620)**	(595)
Net cash flows	**(1,267)**	(68)

For the year ended 31 March 2021

41. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

Chengdu Kaibangyuan

	2021 HK$'000
Current assets	17,713
Non-current assets	72,401
Current liabilities	(18,645)
Non-current liabilities	(832)
Equity attributable to owners of the Company	36,025
Non-controlling interests of Chengdu Kaibangyuan	34,612

	2021 HK$'000
Revenue	209
Expenses	(552)
Loss for the year	(343)
Loss attributable to owners of the Company	(175)
Loss attributable to non-controlling interests of Chengdu Kaibangyuan	(168)
Loss for the year	(343)
Other comprehensive expense attributable to owners of the Company	(6)
Other comprehensive expense attributable to non-controlling interests of Chengdu Kaibangyuan	(6)
Other comprehensive expense for the year	(12)
Total comprehensive expense attributable to owners of the Company	(181)
Total comprehensive expense attributable to non-controlling interests of Chengdu Kaibangyuan	(174)
Total comprehensive expense for the year	(355)
Net cash inflows from operating activities	14,980
Net cash outflows from financing activities	(285)
Net cash flows	14,695

For the year ended 31 March 2021

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2021 **HK$'000**	2020 HK$'000
Non-current assets		
Unlisted investment in subsidiaries	**–**	–
Amounts due from subsidiaries	**20,001**	15,361
	20,001	15,361
Current assets		
Amounts due from subsidiaries	**2,102**	1,438
Bank balances	**51**	226
	2,153	1,664
Current liability		
Other payables and accruals	**784**	828
Net current assets	**1,369**	836
Total assets less current liabilities	**21,370**	16,197
Non-current liability		
Loans from a controlling shareholder	**7,891**	–
Net assets	**13,479**	16,197
Capital and reserves		
Share capital *(Note 28)*	**3,723**	3,723
Reserves *(note)*	**9,756**	12,474
Total equity	**13,479**	16,197

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Note:

Movement in the Company's reserves

	Share premium HK$'000	Contributed surplus HK$'000	Share options reserve HK$'000	Shareholder's contribution reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2019	165,365	22,666	12,590	567	(179,214)	21,974
Loss and total comprehensive expense for the year	–	–	–	–	(35,059)	(35,059)
Issue of ordinary shares upon exercise of share options *(Note 28)*	36,512	–	(11,993)	–	–	24,519
Recognition of equity-settled share-based payments *(Note 29)*	–	–	845	–	–	845
Deemed capital contribution from a controlling shareholder	–	–	–	195	–	195
At 31 March 2020	**201,877**	**22,666**	**1,442**	**762**	**(214,273)**	**12,474**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(3,934)**	**(3,934)**
Deemed capital contribution from a controlling shareholder	**–**	**–**	**–**	**1,216**	**–**	**1,216**
At 31 March 2021	**201,877**	**22,666**	**1,442**	**1,978**	**(218,207)**	**9,756**

43. EVENTS AFTER THE REPORTING PERIOD

On 19 April 2021, the Company entered into a subscription agreement with a subscriber, an independent third party, pursuant to which the subscriber has agreed to subscribe for, and the Company has agreed to allot and issue to the subscriber an aggregate of 15,300,000 shares of the Company at a subscription price of HK$0.75 per share. The gross proceeds from the subscription is amounted to HK$11,475,000. The subscription was completed on 4 June 2021.

FIVE YEARS FINANCIAL SUMMARY

RESULTS

	For the year ended 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**56,220**	110,640	148,623	28,106	10,222
Loss before taxation	**(26,470)**	(41,261)	(34,403)	(23,099)	(37,941)
Income tax	**(681)**	(131)	(203)	–	–
Loss for the year	**(27,151)**	(41,392)	(34,606)	(23,099)	(37,941)
Attributable to:					
Owners of the Company	**(24,613)**	(33,476)	(35,605)	(23,099)	(37,941)
Non-controlling interests	**(2,538)**	(7,916)	999	–	–
	(27,151)	(41,392)	(34,606)	(23,099)	(37,941)

ASSETS AND LIABILITIES

	At 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**168,914**	76,672	76,092	13,777	2,091
Current assets	**66,206**	75,199	107,470	89,700	43,889
Current liabilities	**(43,554)**	(31,066)	(48,924)	(76,546)	(1,850)
Net current assets	**22,652**	44,133	58,546	13,154	42,039
Total assets less current liabilities	**191,566**	120,805	134,638	26,931	44,130
Non-current liabilities	**(138,248)**	(99,159)	(106,755)	–	–
Net assets	**53,318**	21,646	27,883	26,931	44,130