WONDERFULsky

皓天財經集團

WONDERFUL SKY FINANCIAL GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability) Stock Code: 01260

2021 ANNUAL REPORT

CONTENTS

FINANCIAL SUMMARY

	Year ended 31 March				
	2017	2018	2019	2020	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Revenue	616,945	479,595	651,393	450,493	**371,121**
Profit before taxation	324,024	169,292	195,761	95,082	**135,248**
Taxation	(52,862)	(34,586)	(34,248)	(19,408)	**(16,929)**
Profit for the year	271,162	134,706	161,513	75,674	**118,319**

FINANCIAL SUMMARY

	At 31 March				
	2017	2018	2019	2020	**2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	1,954,349	2,378,967	1,932,610	1,899,324	**2,004,674**
Total liabilities	(623,833)	(1,026,927)	(434,582)	(414,939)	**(361,035)**
	1,330,516	1,352,040	1,498,028	1,484,385	**1,643,639**
Equity attributable to owners of the Company	1,330,516	1,352,040	1,498,028	1,484,385	**1,643,639**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Liu Tianni *(Chairman and Chief Executive Officer)*
Liu Lin

Independent non-executive Directors
Li Ling Xiu
Lam Yim Kei, Sally
Lee Wing Sze, Rosa

AUDIT COMMITTEE

Lee Wing Sze, Rosa *(Chairlady)*
Li Ling Xiu
Lam Yim Kei, Sally

NOMINATION AND REMUNERATION COMMITTEES

Li Ling Xiu *(Chairlady)*
Liu Tianni
Lam Yim Kei, Sally
Lee Wing Sze, Rosa

COMPANY SECRETARY

Li Liju

INDEPENDENT AUDITOR

Mazars CPA Limited
Certified Public Accountants
42nd Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hong Kong and Shanghai Banking Corporation Limited
China Construction Bank (Asia) Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman KY1-1110 Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

9/F, The Center
No. 99 Queen's Road Central
Hong Kong

REGISTERED OFFICE

Grand Pavilion
Hibiscus Way
802 West Bay Road
P.O. Box 31119
Grand Cayman KY1-1205
Cayman Islands

STOCK CODE

1260

COMPANY WEBSITE

http://www.wsfg.hk

CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Wonderful Sky Financial Group Holdings Limited (the "**Company**", together with its subsidiaries collectively referred to as the "**Group**"), I am pleased to present all shareholders with our annual report of the Group for the year ended 31 March 2021.

RESULTS

The Group's profit for the year attributable to owners of the Company increased from approximately HK$75.7 million for the year ended 31 March 2020 to HK$118.3 million for the year ended 31 March 2021, representing a increase of approximately 56.3%.

FINAL DIVIDEND

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

BUSINESS REVIEW

The Group's profit increased from approximately HK$75.7 million for the year ended 31 March 2020 to approximately HK$118.3 million for the year ended 31 March 2021, representing an increase of approximately 56.3%. The Group's revenue decreased from approximately HK$450.5 million for the year ended 31 March 2020 to approximately HK$371.1 million for the year ended 31 March 2021, representing a decrease of approximately 17.6%.

The Group's business consists of two major business segments, namely, the financial public relations service segment and the international roadshow service segment.

Financial public relations service segment

Our financial public relations services include (i) public relations services; (ii) investor relations services; (iii) financial printing services and (iv) capital markets branding. During the year ended 31 March 2021, this business segment delivered a turnover of approximately HK$363.9 million (2020: HK$373.2 million), representing a decrease of approximately 2.5%. The decrease in revenue of this business segment was attributed to the outbreak of epidemic, leading to suspension of normal activities. As Hong Kong's IPO market maintains active throughout the year, the turnover of financial public relation service remained relatively stable for the year ended 31 March 2021. The profit of this business segment for the year ended 31 March 2021 was approximately HK$105.8 million (2020: HK$112.9 million), representing a decrease of approximately 6.3%.

International roadshow service segment

Our international roadshow services include coordination, organisation and management of the overall logistics of roadshows for our clients. While we handle this for our clients, they would be able to focus on the presentation aspect of the roadshows. The revenue of this segment decreased by approximately 90.7%, to approximately HK$7.2 million (2020: HK$77.3 million) for the year ended 31 March 2021, which was attributed to the outbreak of epidemic, leading to suspension of international roadshow.

Aside from the profit generated from the two business segments, the Group also generated investment income of HK$79.1 million (2020: HK$44.4 million) from its bond securities for the year ended 31 March 2021. The Group made a gain of HK$11.2 million (2020: loss of HK$3.9 million) from its disposals of debt instruments at FVTOCI which comprising bond securities and unlisted fund. The bond securities comprise bonds listed on The Stock Exchange of Hong Kong Limited ("**HKEx**"), Singapore Exchange Securities Trading Limited ("**SGX**") or overseas exchanges. The management of the Company observed among the bond securities market, property development bonds recorded a significant decline subsequent to the year ended 31 March 2021. There is net loss on change in fair value of debt instruments at FVTOCI with amount of approximately HK$17.6 million for the subsequent period when compare to the amount of debt instruments at FVTOCI as at 31 March 2021. The financial impact would be reflected in 2022 financial year. The Group takes a prudent approach on its investments and reviews their performance regularly. Details of the Group's significant investments which exceeded 5% of total balance of investment as at 31 March 2021 are as follows:

Name of significant investments	Investee's principal activities	Fair value as at 31 March 2021	Size of fair value relative to the total asset of the Group as at 31 March 2021 *(Note 1)*	Fair value gain/ (loss) on each significant investment for the year ended 31 March 2021 *(Note 3)*	Interest income during the year ended 31 March 2021
		HK$	*%*	*HK$*	*HK$*
Silver Grant International Holdings Group Limited	Investment holding	111,206,556	5.5%	9,505,075	–
Kaisa Group Holdings Ltd	Property development	82,140,313	4.1%	1,792,188	–
Gemstones International Limited	Investment holding	76,115,584	3.8%	(630,720)	9,300,000
Xinyuan Real Estate Co., Ltd.	Property development	60,588,640	3.0%	4,346,890	6,405,158

Notes:

1. This total assets figure used as the denominator to calculate the relative size of each financial instruments on the Group's total asset as at 31 March 2021, represents the total assets of the Group as at 31 March 2021 of approximately HK$2,005 million.

2. The Company's strategy is to invest in a diversified portfolio of debt securities including fixed rate bonds and high-yield bonds in the Greater China region.

3. Investment in convertible bond issued by Silver Grant International Holdings Group Limited is classified as financial asset at fair value through profit or loss. Its fair value gain included interest earned on the investment.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow and banking facilities provided by banks in Hong Kong and Singapore. The Group is financially sound and its cash position remains healthy. The Group's bank balances and cash as of 31 March 2021 amounted to approximately HK$151.7 million (2020: HK$108.0 million).

The Group's gearing ratio as at 31 March 2021 was 0.2% (2020: 8.5%), based on the short-term bank loans and bank overdrafts of the Group (net of bank balances and cash) and the equity attributable to owners of the Company. As such, the gearing ratio of the Group decreased.

Exchange Rates Exposure

Most of the transactions of the Group were made in Hong Kong dollars, US dollars and Renminbi. As of 31 March 2021, the Group was not exposed to any material exchange risk on US dollars as the exchange rates of Hong Kong dollars and US dollars were relatively stable under the currency peg system. The Group does not currently have a hedging policy on Renminbi but its management monitors such exposure closely and will consider hedging such exposure should the need arise.

Pledge of Assets

As at 31 March 2021, owned properties amounted to approximately HK$592.1 million (31 March 2020: HK$613.9 million), investment property amounted to approximately HK$27.7 million (31 March 2020: HK$26.6 million) and bank deposit amounted to approximately HK$0.5 million (31 March 2020: Nil) were pledged as securities for bank facilities.

Contingent Liabilities

As at 31 March 2021, the Group had no contingent liabilities.

PROSPECTS

Looking back upon 2020, the impact of novel coronavirus pneumonia ("**COVID-19**") as well as political, social and economic uncertainties on the global IPO market, coupled with the rising geopolitical risks, brought more challenges to the economy. Despite this, the Group continued to occupy the relatively stable market shares in Hong Kong IPO market. In the meantime, the Group worked continuously to provide long-term financial services to listed companies.

CHAIRMAN'S STATEMENT

The continuous outbreaks of COVID-19 have disrupted the traveling between Hong Kong and the mainland since early 2020. Since its inception, the Group has always been adhering to the principle that "the success of our clients is our greatest motivation". Therefore, in addition to continuing to provide clients with "one-stop" cross-border online roadshows and performance live streaming services through its own Wonderful Sky Cloud APP, the Group has also launched two major online services during the period: the Wonderful Sky Think Tank and Wonderful Sky Ideas Summit, which are designed to offer a more efficient and valuable communication channel for listed company clients and investors, and build the most authoritative think tank platform for capital market.

- "Wonderful Sky Think Tank": Based on years of in-depth exploration of the capital market and its huge customer base, it integrates data, research and sharing, and has an intelligent network composed of leaders from investment banks, listed companies, industry associations and other sectors;

- "Wonderful Sky Ideas Summit": It aims to promote the exchange of market views and information sharing between listed companies and investors to achieve mutual inspiration and a win-win situation.

Thanks to the long-term driving force of growth and opportunities generated by the interconnection of the capital markets between Hong Kong and the mainland, and further enhancement of Hong Kong's status as an international financial center, China supports further interconnection of market between Hong Kong and the mainland, and is gradually expanding the scope of eligible securities under Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

In addition, while continuing to expand overseas and Hong Kong markets, the Group has also expanded its business scope in the mainland market. The Group has established the professional teams at its business premises in Beijing, Shanghai, Shenzhen and Chengdu, and begun to provide better services for regional clients. In the future, the Group will further strengthen its business layout in the mainland, make full use of its geographical advantages of its mainland subsidiaries and the cluster effect of the listed companies, and cement solid foundation for the expansion of the mainland market.

Looking ahead, capital markets will continue to fluctuate due to global political, social and economic uncertainties, and will play more important roles in the context of the global economic turmoil. With its years of industry experience, professional expertise, and efficient service capabilities, the Group will continue to leverage on its experiences, skills and knowledge to continuously expand new growth momentum, create new services with advantages, and consolidate its leading position in the industry.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2021, the Group had 224 (2020: 169) full-time employees. Total staff costs (including Directors' emoluments) were approximately HK$79.3 million (2020: approximately HK$95.2 million). Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis and bonuses paid, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

CLOSURE OF REGISTER OF MEMBERS FOR THE ANNUAL GENERAL MEETING ("AGM")

The AGM of the Company will be held on 24 September 2021. The register of members of the Company will be closed from 18 September 2021 to 24 September 2021 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 17 September 2021.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the year ended 31 March 2021 and up to the date of this report.

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

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

APPRECIATION

On behalf of the Board, I would like to thank all our staff for their dedication and contributions and our customers, suppliers, business associates and shareholders for their continuous support over the years.

Liu Tianni
Chairman

Hong Kong, 26 July 2021

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY

EXECUTIVE DIRECTORS

Mr. Liu Tianni (劉天倪), aged 57, is the Chairman and Chief Executive Officer of the Company and has been an executive Director since January 2011. He is also a director of all subsidiaries of the Group. He is primarily responsible for developing new business areas, and formulating the Group's developmental goals and strategies. Mr. Liu has over 20 years of experience in the financial investment sector, Mr. Liu obtained a master's degree in Science (理學碩士學位) from Beijing Normal University (北京師範大學) in 1990. Mr. Liu has been the President of The Listed Companies Council, Hong Kong Chinese Enterprises Association since 2015. Mr. Liu has been an independent non-executive Director of Qingling Motors Company Limited (stock code: 1122) since May 2011, a company whose shares of which are listed on the Main Board of the HKEx. Mr. Liu has been elected as a member (Hong Kong) of the Chongqing Committee of the Chinese People's Political Consultative Conference on 19 March 2013. In addition, Mr. Liu is the sole director of and holds 51% of the entire issued share capital in Sapphire Star Investments Limited, a substantial shareholder of the Company.

Ms. Liu Lin (劉琳), aged 46, has been an executive Director of the Company since 20 October 2015. She is currently the Chief Risk Officer and member of the investment committee of Jiangxi Copper (Beijing) International Investment Company in People's Republic of China. Before joining Jiangxi Copper (Beijing) International Investment Company, she had worked for PricewaterhouseCoopers. She was a specialist in the design in the risk management system for private equity investment, debt investment and stock market investment. She has participated in a number of projects in advisory work for state-owned commercial banks and state-owned policy banks, including building up its risk management system from risk identification and risk evaluation to risk mitigation according to the Basel Compliance requirement from China Banking Regulatory Commission. She obtained a Master of Business Administration from the University of Illinois at Chicago and Bachelor at the China Foreign Affairs University in PRC, major in Diplomacy. She is the niece of Mr. Liu Tianni, the Chairman and Chief Executive Officer of the Company.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Li Ling Xiu (李灵修), aged 58, has been an independent non-executive Director of the Company since 7 March 2012. She was the group deputy general manager of China Strategic Holdings Limited, a company whose shares are listed on the Main Board of the HKEx (stock code: 235). She has been the Chief Executive Officer and a director of Chip Lian Investments (HK) Limited since January 2001. Ms. Li obtained a Bachelor's degree of Arts (文學學士學位) in English Language from Hunan Normal University (湖南師範學院) in July 1984 and successfully completed the Advanced Management Program at Harvard Business School from September 2000 to November 2000. Ms. Li was a non-executive Director of IPC Corporation Limited from May 2009 to April 2017 and was a non-executive Director of Metech International Limited (formerly known as Centillion Environment & Recycling Limited) from September 2006 to March 2013, the shares of both companies are listed on the Singapore Stock Exchange.

Ms. Lam Yim Kei, Sally (林冉琪), aged 48, has been an independent non-executive Director of the Company since 7 March 2012. She has 20 years of experience in the corporate finance industry. She worked for G.T. Investment Limited as an executive assistant from February 1999 to January 2000. During the period from January 2000 to May 2001, Ms. Lam worked for Core Pacific Yamaichi International (H.K.) Limited and was an assistant manager of its corporate and private banking department when she left. She then worked for CSC Securities (HK) Limited as an associate director in its sales/dealing department from May 2001 to March 2003. She worked as an associate director in the equity capital markets department of China Merchants Securities (HK) Company Limited from May 2003 to January 2007. Ms. Lam was an associate director in Wag Worldsec Corporate Finance Limited from May 2007 to December 2017. She has been working as an executive Director of Oasis Education Group Limited since 2018 and an executive Director of Golden Bridge General Partners Limited since 2021. Ms. Lam obtained a Master's degree in Economics from The University of Hong Kong in November 2008 and a Bachelor's degree of Arts in Languages with Business from The Hong Kong Polytechnic University in November 1996.

Ms. Lee Wing Sze, Rosa (李詠思), aged 46, has been an independent non-executive Director of the Company since 15 January 2016. She has 20 years of experience in accounting, financing and auditing. She is the vice president and company secretary of China Yurun Food Group Limited (Stock Code: 1068), a company whose shares are listed on the Main Board of the HKEx. She graduated from the Chinese University of Hong Kong with a Bachelor's degree in business administration, majoring in professional accounting and is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants of the UK.

REPORT OF THE DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company are investment holding and securities investments. The principal activities of its principal subsidiaries are set out in note 41 to the consolidated financial statements. There have been no significant changes in the nature of the Group's principal activities during the year.

A review of the business of the Group for the year, discussion on the key financial performance indicators of the Group and prospect of the Group are set out in the "CHAIRMAN'S STATEMENT" section of this annual report. Particulars of important events affecting the Company that have occurred since the end of the financial year under review, if any, can be found in the abovementioned section and the notes to the consolidated financial statements.

An analysis of the Group's performance for the year by segments is set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Group's financial performance for the year ended 31 March 2021 and the financial position of the Group and of the Company as at that date are set out in the financial statements on pages 42, 43, 141 and 142, respectively.

The Board did not recommend the payment of a final dividend for ordinary shareholders of the Company for the year ended 31 March 2021 (2020: nil per share).

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group values the importance of protecting the environment in the process of operation. As our Group is principally engaged in the provision of services, we do not have significant air emissions and discharges into water, besides the non-hazardous solid wastes generated in our office premises. In recent years, we have strengthened our green office concept by promoting paperless office, using LED lights and selecting energy-saving electric appliances so as to reduce energy consumption.

To comply with the requirements set forth in Appendix 27 Environmental Social and Governance Reporting Guide ("**ESG Guide**") of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**"), we present in another section of this annual report our Environmental, Social and Governance report ("**ESG Report**") for the year ended 31 March 2021.

COMPLIANCE WITH LAWS AND REGULATION

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements. Accordingly, the Group has been allocating staff resources to ensure ongoing compliance with rules and regulations as well as to maintain cordial working relationships with regulators through effective communications. During the year under review, the Group has complied, to the best of our knowledge, with the Securities and Futures Ordinance ("**SFO**"), the Listing Rules and other relevant rules and regulations.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's principal business activities comprise provision of financial public relations services and organization and coordination of roadshows, which are exposed to a variety of risks including operational risk and market risk. Details of the aforesaid key risks and risk mitigation measures are set out in note 38 to the financial statements of this annual report.

The Group's long term profitability and business growth are affected by the volatility and uncertainty of macro-economic conditions (including but not limited to performance of the stock indexes and fund demand), financial volatility (exacerbated by divergent trade and financial policies of the US and other global nations), and uncertain economic outlook and political conditions of Hong Kong, Mainland China, the US, Eurozone and other global nations.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's success also depends on the support from key stakeholders which comprise employees, customers, service vendors, regulators and shareholders.

Employees

Employees are regarded as the most important and precious assets of the Group. The objective of the Group's human resources management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

Customers

The Group's principal customers are from companies listed on the HKEx or companies currently in the IPO process. The Group has the mission to provide excellent customer service whilst maintaining long term profitability, business and asset growth. Various means have been established to strengthen the communications between the customers and the Group in the provision of excellent customer service towards market penetration and expansion.

Service vendors

Sound relationships with key service vendors in supply chain and premises management are important in meeting business challenges and regulatory requirements. Such relationships can help the Group to derive cost effectiveness and foster long term business benefits. The key service vendors comprise system and equipment vendors, external consultants, suppliers of office goods/merchandise and other business partners which provide value-added services to the Group.

Regulators

The Group is a company listed on the HKEx. We make it a top priority to stay up to date and ensure compliance with its rules and regulations.

Shareholders

One of the corporate goals of the Group is to enhance corporate value to shareholders. The Group is dedicated to foster business developments for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts taking into account liquidity positions and future business expansion needs of the Group.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND TOP-UP PLACEMENT

As at 31 March 2021, details of use of proceeds from initial public offering are as follows:

Net proceeds allocation	Intended use of the proceeds	Total proceeds used as at 31 March 2021	The amount of remaining net proceeds as at 31 March 2021 for the intended use	Expected time of utilisation (Note 1)	Change in intention
Approximately HK$124.9 million	For strategic mergers with and acquisitions of companies with experience in the public relations business, investor relations business, financial printing business or international roadshow business.	HK$19.8 million	HK$105.1 million	30 April 2022	No
Approximately HK$124.9 million	For financing the possible acquisition or setting up of a joint venture with a public relations firm in the PRC.	HK$19.9 million	HK$105.0 million	30 April 2022	No
Approximately HK$65.0 million	For the establishment of an additional office in Hong Kong, the recruitment of additional staff members and other general corporate purposes.	HK$58.9 million	HK$6.1 million	31 December 2021	No

Note:

1. The expected time frame for fully applying the unutilised proceeds is based on the best estimation of the future market conditions and strategic development made by the Company, which may be subject to changes and adjustments based on the future development of market conditions.

As at 31 March 2021, details of use of proceeds from the top-up placement are as follows:

Net proceeds allocation	Intended use of the proceeds	Total proceeds used as at 31 March 2021	The amount of remaining net proceeds as at 31 March 2021 for the intended use	Expected time of utilisation (Note 1)	Change in intention
Approximately HK$423.0 million	For developing a mobile internet professional service platform, the "Wonderful Sky Cloud", which provides online to offline ("**O2O**") financial services to our customers and the public investment community.	HK$32.9 million	HK$390.1 million	31 January 2022	No

Note:

1. The expected time frame for fully applying the unutilised proceeds is based on the best estimation of the future market conditions and strategic development made by the Company, which may be subject to changes and adjustments based on the future development of market conditions.

REPORT OF THE DIRECTORS

SUMMARY FINANCIAL INFORMATION

The summary of the results and of the assets and liabilities of the Group for the last five financial years are set out on pages 2 and 3 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 31 to the consolidated financial statements.

EQUITY-LINKED AGREEMENT

Save for the share option scheme disclosed in this annual report, there were no equity-linked agreement was entered into during the year or subsisted at the end of the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DISTRIBUTABLE RESERVES

As at 31 March 2021, the Company's reserves available for distribution amounted to approximately HK$154.3 million, calculated in accordance with the provisions of Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of revenue attributable to the Group's five largest customers represented approximately 12.5% of the Group's total revenue for the year ended 31 March 2021. The amount of revenue received from the Group's largest customer represented approximately 3.1% of the Group's total revenue for the year ended 31 March 2021.

The aggregate amount of purchases attributable to the Group's five largest suppliers represented approximately 14.9% of the Group's total purchases for the year ended 31 March 2021. The amount of purchases from the Group's largest supplier represented approximately 4.5% of the Group's total purchases for the year ended 31 March 2021.

None of the Directors nor any of their associates nor any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the year.

DIRECTORS

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

Executive Directors:

Mr. Liu Tianni
Ms. Liu Lin

Independent non-executive Directors:

Ms. Li Ling Xiu
Ms. Lam Yim Kei, Sally
Ms. Lee Wing Sze, Rosa

Mr. Liu Tianni, Ms. Li Ling Xiu and Ms. Lam Yim Kei, Sally will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting in accordance with the Company's articles of association. The Company has received annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from all independent non-executive Directors and still considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) when the Report of the Board of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

MANAGEMENT CONTRACTS

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO were as follows:

Long positions in the ordinary shares of the Company

(i) The Company

Name of Director	Long/Short position	Interest in controlled corporation	Number of shares held			Total interests	Total interests as % of the issued share capital of the Company
			Personal interest	Joint interest	Family interest		
Mr. Liu Tianni	Long	750,000,000 *(Note 1)*	–	6,904,000 *(Note 2)*	58,712,000 *(Note 3)*	815,616,000	70.83%

Notes:

1. These shares are owned by Sapphire Star Investments Limited ("**Sapphire Star**"), a company incorporated in the British Virgin Islands. Mr. Liu Tianni ("**Mr. Liu**") holds 51% of the issued share capital in Sapphire Star. Under the SFO, Mr. Liu is deemed to be interested in the remaining 49% of the issued share capital in Sapphire Star as they are held by his spouse, Ms. Luk Ching, Sanna ("**Mrs. Liu**"). Accordingly, Mr. Liu is deemed or taken to be interested in all the shares in the Company held by Sapphire Star under the SFO.

2. These shares are owned by Mr. Liu and Mrs Liu jointly.

3. These shares are owned by Mrs. Liu. Mr. Liu is deemed or taken to be interested in these shares for the purpose of the SFO.

(ii) Associate Corporation

Name of Director	**Long/Short position**	**Name of associated corporation**	**Number of shares held**	**Approximately percentage of interest in Sapphire Star**
Mr. Liu Tianni *(Note)*	Long	Sapphire Star	100	100%

Note: Mr. Liu Tianni holds 51% of the issued share capital in Sapphire Star. Under the SFO, Mr. Liu is deemed to be interested in the remaining 49% of the issued share capital in Sapphire Star, which is held by his spouse, Mrs. Liu. Accordingly Mr. Liu Tianni is deemed or taken to be interested in 100% of the issued share capital of Sapphire Star.

Save as disclosed above, as at 31 March 2021, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered into the register required to be kept under Section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2021, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Long/Short position	Beneficial Owner	Interest in controlling corporation	Total interests	Percentage of issued share capital of the Company
Sapphire Star	Long	750,000,000 *(Note 1)*	–	750,000,000	65.14%
Mrs. Liu	Long	65,616,000 *(Note 2)*	750,000,000 *(Note 1)*	815,616,000	70.83%
FIL Limited	Long	106,208,000	–	106,208,000	9.22%
Pandanus Associate Inc.	Long	106,208,000	–	106,208,000	9.22%
Fidelity China Special Situations PLC	Long	105,772,000	–	105,772,000	9.19%

Notes:

1. The shares are owned by Sapphire Star. Mrs. Liu holds 49% of the issued share capital in Sapphire Star. Therefore, for the purposes of the SFO, Mrs. Liu is deemed or taken to be interested in all the shares in the Company held by Sapphire Star.

2. 58,712,000 shares in the Company are beneficially owned by Mrs. Liu and 6,904,000 shares are jointly owned by Mrs. Liu and Mr. Liu.

Save as disclosed above, as at 31 March 2021, the Directors are not aware that there is any party (not being a Director) who had any interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such shares.

As disclosed in the Company's prospectus dated 19 March 2012, the Company entered into a Deed of Non-competition dated on 12 March 2012 with Mr. and Mrs. Liu, and Sapphire Star (together collectively referred to as the "**Substantial Shareholders**"). The Substantial Shareholders have signed, and the independent non-executive directors have reviewed the annual confirmations on an annual basis, in order to ensure that the Substantial Shareholders have complied with the terms of the aforesaid Deed of Non-competition.

During the year ended 31 March 2021 and up to the date of this report, none of the substantial shareholders or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

PARTICULARS OF DIRECTORS OF THE COMPANY WHO WERE DIRECTORS/ EMPLOYEES OF SUBSTANTIAL SHAREHOLDERS

Mr. Liu Tianni is the sole director of Sapphire Star which is a substantial shareholder of the Company.

SHARE OPTION SCHEME

On 7 March 2012, the Company's share option scheme (the "**Scheme**") was adopted. Details of the Company's Scheme are stated in note 33 to the consolidated financial statements. The following table sets out the movements in the Company's share options during the year:

Date of grant	Exercisable period	Exercise price	Outstanding at 1.4.2020	Lapsed during the year	Outstanding at 31.3.2021
		HK$			
Employees:					
28.1.2014	28.7.2015–27.7.2020	1.174	432,000	–	432,000
28.1.2014	28.7.2016–27.7.2020	1.174	912,000	–	912,000
28.1.2014	28.7.2017–27.7.2020	1.174	542,000	–	542,000
28.1.2014	28.7.2018–27.7.2020	1.174	1,904,000	–	1,904,000
26.1.2018	27.7.2019–27.7.2024	1.500	1,200,000	(200,000)	1,000,000
26.1.2018	27.7.2020–27.7.2024	1.500	1,200,000	(200,000)	1,000,000
26.1.2018	27.7.2021–27.7.2024	1.500	1,200,000	(200,000)	1,000,000
26.1.2018	27.7.2022–27.7.2024	1.500	2,400,000	(400,000)	2,000,000
			9,790,000	(1,000,000)	8,790,000

During the year ended 31 March 2021, there were neither share options granted, nor exercised by the Directors.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2021 and up to the date of this report, none of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely Ms. Li Ling Xiu, Ms. Lam Yim Kei, Sally and Ms. Lee Wing Sze, Rosa. The principal duties of the audit committee include the review and supervision of the Group's financial reporting matters and internal controls.

The audit committee has met with management to review the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters in connection with the preparation of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2021.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 25 to 31 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

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 throughout the year ended 31 March 2021.

AUDITOR

Mazars CPA Limited ("**Mazars**") has been appointed as the auditors of the Company with effect from 19 March 2021 to fill the vacancy following the resignation of Deloitte Touche Tohmatsu ("**Deloitte**") and to hold office until the conclusion of the forthcoming annual general meeting of the Company. Deloitte stated in its letter of resignation that, the Company and Deloitte could not reach an agreement on the audit fee of the Group for the year ended 31 March 2021 and as part of its normal procedures which include an annual consideration of whether it would continue to act for its audit clients, having taken into account many factors including the professional risk associated with the audit, the level of audit fees and its available internal resources in light of its current work flows, it decided to tender its resignation as the auditor of the Company.

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Mazars CPA Limited as auditor of the Company.

On behalf of the Board

Liu Tianni
Chairman

Hong Kong, 26 July 2021

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. During the year, it had met all the code provisions in the Corporate Governance Code (the "**Code**") set out in Appendix 14 to the Listing Rules, save and except for the following deviation:

Code provision A.2.1

Under code provision A.2.1, the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. The roles of both Chairman and Chief Executive Officer are performed by Mr. Liu Tianni currently. Mr. Liu is a founder of the Group and has over 20 years of experience in the financial investment sector as well as the financial public relation sector. The Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies currently and in the foreseeable future. The Group will nevertheless review the structure from time to time in light of the prevailing circumstances.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on the same terms as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they have confirmed compliance with the required standard set out in the Model Code during the year ended 31 March 2021.

BOARD OF DIRECTORS

The Company is governed by the Board which has the responsibilities of leading and supervising the management of the Company. The Directors are collectively responsible for promoting the success of the Group. As of the date of this report, the Board has five Directors, comprising two executive Directors and three are independent non-executive Directors. The biographies of all the directors as of the date of this report are set out on pages 11 and 12 of this annual report.

The Board is responsible for the management of the Company. Its key responsibilities include formulation of the overall strategies of the Group, setting targets for management and supervision of management's performance, While the Board confines itself to making broad policy decisions, it is responsible for performing corporate governance functions including reviewing of the Group's internal controls and developing programme for training and continuous professional development of directors and senior management and developing of procedures for ensuring compliance with legal and regulatory requirements. The Board held meetings from time to time when necessary. The Board has established procedures to enable directors of the Company to seek independent professional advice at the Company's expense. The Board met 4 times during the year ended 31 March 2021.

All directors actively participated in the Company's business. The attendance records of all directors for the Board meetings and annual general meeting during the year are as follows:

	Number of meetings attended/held	
	Board Meeting	Annual General Meeting
Executive Directors		
Liu Tianni *(Chairman and Chief Executive Officer)*	4/4	1/1
Liu Lin	4/4	1/1
Independent non-executive Directors		
Li Ling Xiu	4/4	1/1
Lam Yim Kei, Sally	4/4	1/1
Lee Wing Sze, Rosa	4/4	1/1

The Board members have no financial, business, family or other material/relevant relationship with each other except Ms. Liu Lin is the niece of Mr. Liu Tianni, Chairman and Chief Executive Officer of the Company.

All Directors of the Company, including Mr. Liu Tianni, Ms. Liu Lin, Ms. Li Ling Xiu, Ms. Lam Yim Kei, Sally and Ms. Lee Wing Sze, Rosa, have confirmed that they have participated in training and/or continuous professional development activities. The Board has a balance of skills and experience appropriate for the requirements of the business of the Group.

The Company has arranged for insurance cover for its Directors. The insurance coverage is reviewed on an annual basis.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have sound academic and professional qualifications. They advise the Company on strategic developments whilst at the same time ensuring the Company is maintaining a high standard of compliance with financial and other statutory requirements. Each independent non-executive Director has given an annual confirmation of her independence to the Company. The Company considers them to be independent under Rule 3.13 of the Listing Rules. All the independent non-executive Directors are appointed for a term of three years but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the articles of association of the Company. The articles of association also stipulates that one-third of the directors, including executive and independent non-executive directors, shall retire from office by rotation and they shall be subject to retirement at least once every three years.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 7 March 2012 and currently has 4 members, namely Ms. Li Ling Xiu, Ms. Lam Yim Kei, Sally, Ms. Lee Wing Sze, Rosa and Mr. Liu Tianni. This committee is chaired by Ms. Li Ling Xiu.

The terms of reference of the Remuneration Committee have been determined with reference to the Listing Rules and the Code. The Remuneration Committee met at least once during the year to discuss remuneration package of Directors of the Company. All members of the committee attended the meeting.

The responsibilities of the Remuneration Committee include (a) to make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (c) to make recommendations to the Board on the remuneration of non-executive Directors; and to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

The primary goal of the remuneration on executive remuneration packages is to enable the Group to motivate executive Directors and senior management by linking their remuneration with reference to the Group's operation results, with reference to individual performances and comparable market statistics.

The principal elements of the Group's executive remuneration package include:

- basic salary;
- discretionary bonus without capping; and
- share options granted under a shareholders' approved option scheme.

NOMINATION COMMITTEE

The Nomination Committee was established on 7 March 2012 and currently has 4 members, namely Ms. Li Ling Xiu, Ms. Lam Yim Kei, Sally, Ms. Lee Wing Sze, Rosa and Mr. Liu Tianni. This committee is chaired by Ms. Li Ling Xiu.

The terms of reference of the Nomination Committee have been determined with reference to the Listing Rules and the Code. The Nomination Committee met at least once during the year to discuss the composition of the Board. All members of the committee attended the meeting.

The responsibilities of the Nomination Committee are (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; (c) to assess the independence of independent non-executive Directors; and (d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman and the chief executive.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibilities for preparing the accounts of the Company. As at 31 March 2021, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going-concern basis.

The responsibilities of the external auditors on the consolidated financial statements for the year ended 31 March 2021 are set out in their report set out on pages 37 to 41.

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk management and internal controls are important parts among the operation and management of the Group. The Board and the management of the Company take high priority on the organization and have created an internal control mechanism consisting of three levels, the audit committee, the Compliance Department and the management of each business department:

1. the Board is responsible for setting up the risk management and internal control mechanism for the Group to ensure the core values, strategic planning and working guidelines of the Company, and convey the above to each department of the Group through various channels, including platforms such as the enterprise information system, meetings, training and intranet. This would incorporate risk control into the operation flow and the audit committee would identify the operation risk of the internal control system on a regular basis so as to review the effectiveness of risk management and control;

2. the Compliance Department is responsible for the regular review on Company's policies and guidelines, and assists the Board to set up effective Company's policies and guidelines for risk management and internal controls in response to the internal and external changes as well as changes in regulations in order to realize a progressive, institutionalized and systematic risk management and internal controls system. Meanwhile, assessment would be independently conducted by the Compliance Department on an ongoing basis, and such assessment covers all material aspects, including legal risks, compliance controls, operation monitoring as well as the workflow and risk assessment of each department of the Group. The Compliance Department is directly responsible to the audit committee and reports the effectiveness of the risk management and internal controls;

3. management of each of the business departments would effectively monitor and approve the workflow of each department at the business level based on different functions and divisions through various business systems, so as to enhance the efficiency of risk management, realize the closed loop management model for risk management led by self-supervision at the business level.

As at the date of the report, the Compliance Department has conducted an assessment in respect of the risk management and internal controls of the Company. The result reflects that no significant weaknesses were found in the internal control of the Company.

AUDITORS' REMUNERATION

For the year ended 31 March 2021, fees paid/payable to the Company's external auditors for audit services and non-audit services are set out as follows:

Service	**Fee paid/payable** *HK$'000*
Mazars – Audit services	700
Deloitte – Tax compliance	178
	878

AUDIT COMMITTEE

The Audit Committee was established on 7 March 2012 and currently has 3 members, comprising all three independent non-executive directors namely, Ms. Lee Wing Sze, Rosa, Ms. Li Ling Xiu and Ms. Lam Yim Kei, Sally. This committee is chaired by Ms. Lee Wing Sze, Rosa.

The terms of reference of the Audit Committee follow the Listing Rules and the Code. The Audit Committee met twice during the year to review the interim and annual results of the Group as well as the accounting principles and practices being adopted, internal control and financial reporting matters. All members of the committee attended the meetings.

The responsibilities of the Audit Committee include (a) to assist the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Company and its subsidiaries, overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (b) to assure that appropriate accounting principles and reporting practices are followed; (c) to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the authorized independent auditors (the "**External Auditors**"), and to approve the remuneration and terms of engagement of the External Auditors, and any questions of its resignation or dismissal; (d) to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; (e) to monitor integrity of the Company's financial statements and reports and to review significant financial reporting judgements contained in them; (f) to review the financial controls, internal control and risk management system; and (g) to review the Group's financial and accounting policies and practices.

COMPANY SECRETARY

Ms. Li Liju ("**Ms. Li**") was appointed as the company secretary on 7 January 2021. Ms. Li joined the Company in March 2009, and is currently head of the comprehensive management department of the Company. She is in charge of legal compliance affairs, supplier management and research and development, marketing and management of digitalized system, etc. She has over 10 years of experience in the financial public relations industry. In 2017, she became an associate member of The Chartered Governance Institute and The Hong Kong Institute of Chartered Secretaries. Ms. Li holds a Master of Science Degree in New Media from the Chinese University of Hong Kong, Master of Science Degree in Professional Accounting and Corporate Governance from City University of Hong Kong, and a Bachelor of Arts Degree in English from Beijing University of Posts and Telecommunications in China. Ms. Li has taken not less than 15 hours of relevant professional training during the year.

SHAREHOLDERS' RIGHTS

Shareholders convening an extraordinary general meeting and proposing resolutions

Pursuant to article 58 of the Company's 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 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 (2) months after the deposit of such requisition. If within twenty-one (21) 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' enquiries and proposals

The Company maintains a website at www.wsfg.hk as a communication platform with shareholders and investors, where extensive information and updates on the Company's business developments and operations, financial and other information are available for public access. Shareholders and investors may send written enquires or requests to the Company at 9/F, The Center, No. 99 Queen's Road Central, Central, Hong Kong. The company secretary and relevant personnels shall report the shareholders' enquires and concerns to the Board and/or relevant Board committees of the Company and where appropriate, respond to such enquires.

SHAREHOLDERS COMMUNICATION AND INVESTOR RELATIONS

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner. The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, various notices, announcements and circulars. Procedure for voting by poll has been read out by the chairman at the general meeting. Annual general meeting provides a forum for shareholders of the Company to raise comments and exchange views with the Board. The Chairman and the Directors are available to at the annual general meetings to address shareholders' queries. Separate resolution was proposed on each substantially separate issue and procedures for demanding a poll in general meetings are included in circular to the shareholders to facilitate the enforcement of shareholders' rights. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, all resolutions set out in the notice of the 2020 annual general meeting of the Company will be voted by poll.

During the year, there were no changes in the Company's Memorandum and Articles of Association. An up-to-date consolidated version of the Company's Memorandum and Articles of Association are available on the Company's website.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING SCOPE AND STANDARD

This is the Environmental, Social and Governance ("**ESG**") Report prepared pursuant to the ESG Reporting Guide provided in Appendix 27 to the Listing Rules on the Stock Exchange of Hong Kong Limited. This report covers our operation in Hong Kong for the financial year end 31 March 2021 and discloses information on the Group's ESG management approach, strategy, priorities, objectives, compliance with the relevant laws and regulations and our performance.

The Board has overall responsibility for the Group's ESG strategy and reporting and has determined to integrate the ideas of environmental and social responsibility into the Group's operation and management activities. The Board has reviewed and approved this ESG report.

STAKEHOLDERS ENGAGEMENT

The Group endeavours to create sustainable growth and long-term value for its stakeholders, who comprise the Group's employees, investors, suppliers, customers, and the wider community. We continue to communicate with our stakeholders on ongoing basis in order to understand their views and collect their feedback. Our communication channels with our stakeholders include company website, annual general meeting, staff meetings, contractor meetings, direct engagement with our customers, etc.

A. ENVIRONMENTAL

The Group has introduced Green Office Initiatives (the "**Initiatives**") to reduce the energy consumption in daily office operation and enhance the efficiency of use of resources. A summary of the Initiatives is shown as below:

- Use of multi-function photocopiers (with printing, scanning and fax functions).
- Use of most efficient travelling method.
- "Switch-off" policy for all idle equipment; encouraging employees to switch off (or onto energy-saving mode) computers, monitors and other electrical appliances at the end of the working day or other times when they are not in use.
- Maintain the office temperature at 25 degree, which reduce the usage of excess electricity energy for lighting and air-conditioning.
- Minimize the use of paper by encouraging double side printing, paper recycling.
- Promote paperless environment by encouraging the use of soft and electronic copy for the document.

1. **Emission – Measures to reduce carbon emission include:**

The Group's business does not generate significant greenhouse gas emissions as the emissions are indirectly and principally resulting from consuming electricity at the workplace, vehicles and business travels by employees. The discharge into water and land, and generation of hazardous and non-hazardous waste during our course of operations is minimal.

Electricity consumed by the Group's office in its normal business operation is supplied by The HK Electric Co., Ltd. The electricity consumption by the Group at its office was approximately 363,344 kWh, producing CO2 equivalent emissions of approximately 294,516 kg and an energy consumption intensity of approximately 14.3 kWh per square feet during the year.

The Group encourages employees to go paperless as much as possible by liming print outs as well as communicating electronically. Employees are also encouraged to re-use paper and conserve paper usage by printing double-sided to the extent practicable. During the year, the Group used a total of approximately 1,540 thousand of paper in its normal business operations.

During the year under review, the Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

2. **Use of Resources**

We have undertaken various resources saving measures to demonstrate our efforts in efficient use of resources in our daily operations. Employees are encouraged to optimize resources to help the Group to minimize the impact on the environment and natural resources e.g. use of public transportation. During the year, a total of approximately 4,441 litres of petrol was used for the motor vehicle.

Although non-significant amounts of water is consumed through the business activities, the Group also encourages water saving by driving water-saving habits and posting green messages in the workplace to remind the employees to use water effectively.

3. The Environmental and Natural Resources

This aspect is not applicable to the Group's operations, as the Group's environmental impact and use of natural resources is minimal.

B. SOCIAL ASPECT

1. Employment and Labour Practices

The Group offers competitive remuneration packages to our employees, with discretionary bonuses issued based on individual performance and our business performance. The Group also provides medical insurance coverage for our employees.

Our human resources practices are established to align with the applicable laws and regulations with regard to recruitment, compensation and dismissal, other benefits and welfare, promotion, working hours, equal opportunities, diversity and anti-discrimination. The Group embraces diversity and provides employees with equal opportunity. Employees are assessed and hired based on their capabilities, regardless of their age, gender, nationality, cultural background, religious belief, etc. During the financial year end 31 March 2021, the Group complied with Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and other labour related laws and regulations.

2. Health and Safety

The Group has always placed emphases on occupational safety and has developed occupational health and safety procedures to provide a safe working environment for its employees. During the year ended 31 March 2021, the Group has complied with relevant rules and regulations, including the Occupational Safety and Health Ordinaries, as well as legislative requirements in Hong Kong.

During the year, the Group was not aware of any non-compliance with the health and safety laws and regulations.

3. Development and Training

To help nurture professional talents and to promote overall efficiency, increase the morale and loyalty of the employees, the Group provides on-the-job training, professional membership reimbursements and assists our employees in completing the training courses and fulfilling the continuous professional training hour requirement. Our employees are also encouraged to pursue work-related advanced studies and attend seminars and workshops to develop their skills.

4. Labour Standards

The Group is committed to protecting human rights. The Group complies with all relevant laws and regulations towards the use of forced labor and child labor in our business operations. The Group aims not to be directly or indirectly complicit in human rights abuses and to ensure that all work that is performed on our behalf is in compliance with all relevant labor laws and regulations.

5. Supply Chain Management

General disclosure

Environmental and Social Risk Management of Supply Chain

The Group has established and implemented the Supplier Management Policy. In order to strengthen the selection of suppliers, the Group welcomes qualified, competent and high-quality suppliers to join. The Group's Compliance Department has specially formulated this policy in order to standardise the supplier management and improve the operational standard.

The Group's Compliance Department is responsible for organising the supplier evaluation work in two ways which include the ongoing project evaluation and the annual assessment. The evaluation results will serve as the basis of supplier management. Suppliers need to react quickly to the assessment result, taking effective measures to improve the services provided within prescribed period. The Group has the rights to terminate the cooperation with service providers who violate the rules or do not meet the targets.

In the selection of new suppliers, the Group has compared at least three different companies, taking account of their operational and compliance records as well as their commitment level on top of cost consideration. Prior to conducting business with suppliers, we carry out annual reviews and evaluations in various aspects including occupational health and safety, employee rights protection, environmental protection and corporate social responsibility. This ensures that our operations comply with national standards or relevant regulations and that we have no child or forced labor issues. The assessment results will be used as a benchmark for the continuation or termination of cooperation in the future.

The Group maintains close liaison with its suppliers to monitor its performance to ensure that it is consistent with its service commitment.

6. Service Responsibility

General disclosure

Service Quality

The Group is committed to provide our target clients with premium services and offer them the best solutions at competitive prices, or even meet their demands beyond their expectation. In order to provide quality service to our clients, the Group communicates with our customers and confirms their expectation and direction prior to project commencement and actively coordinated with customers in the process of providing service.

During the year ended 31 March 2021, the Group was not aware of any incidents of non-compliance with relevant laws and regulations that have a significant impact on the issue relating to health and safety, advertising, labelling and privacy matters relating to products provided and methods of redress.

7. Anti-corruption

The Group adheres to stringent anti-corruption policies as stated in the Group's Office Manual that includes Integrity of Business Practices, ethical standard, conflicts of interest, breach of conduct, handling of confidential information and legal requirement on prevention of bribery and against corruption. The Group has adopted best practices with respect to whistle-blowing. Details of our whistle-blowing policy and procedures are published on our Company website. No cases of corruption were reported within the Group during the financial year ended 31 March 2021.

The Group has complied with relevant laws and regulations including Hong Kong's "Prevention of Bribery Ordinance". During the year ended 31 March 2021, the Group was not aware of any non-compliance with relevant laws and regulations related to anti-corruption.

8. Community Investment

The Group targets to dedicate itself to take up its corporate social responsibility for the communities where it is present. The Group has addressed its community concerns through engaging in charity donation and encouraging the employees to participate in community activities.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Wonderful Sky Financial Group Holdings Limited
皓天財經集團控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wonderful Sky Financial Group Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 42 to 142, 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2021, and of its financial performance and 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 judgements, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables	
We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial statements and the involvement of management judgement and estimates in evaluating the expected credit losses ("**ECL**") of the Group's trade receivables at the end of the reporting period. As set out in note 21 to the consolidated financial statements, as at 31 March 2021, the Group's trade receivables amounted to HK$87,065,000 (net of ECL allowances of HK$55,677,000), which represented approximately 4.3% of total assets of the Group. As disclosed in note 4 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables based on individual assessment, after considering internal credit ratings of trade debtors, ageing analysis, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. As disclosed in note 38 to the consolidated financial statements, the Group recognised net impairment loss of HK$9,629,000 in respect of trade receivables for the year and the Group's lifetime ECL on trade receivables as at 31 March 2021 amounted to HK$55,677,000.	Our key audit procedures in relation to evaluating the impairment assessment of trade receivables included: • Obtaining an understanding of how the management estimates the ECL for trade receivables; • Testing the integrity of information used by management, including trade receivables ageing analysis as at 31 March 2021, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices; • Evaluating management's basis and judgement in determining ECL on trade receivables as at 31 March 2021, including the assessment of internal credit rating, basis of estimated loss rates applied in individual trade debtors (with reference to historical default rates and forward-looking information) and identification of credit-impaired trade receivables; and • Evaluating the disclosures regarding the impairment assessment of trade receivables in note 38 to the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2021 annual report of the Company, 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 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 judgements 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.

- 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.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Mazars CPA Limited
Certified Public Accountants
42/F., Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Hong Kong, 26 July 2021

The engagement director on the audit resulting in this independent auditor’s report is:

Law Lai Ting
Practising Certificate number: P07322

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	**371,121**	450,493
Direct costs		**(201,551)**	(236,252)
Gross profit		**169,570**	214,241
Other income	8	**111,104**	55,202
Selling expenses		**(30,005)**	(29,671)
Administrative expenses		**(118,450)**	(103,224)
Other gain and losses	6	**18,714**	(8,712)
Impairment loss recognised on financial assets	38		
– Trade receivables, net		**(9,629)**	(21,770)
– Debt instruments at fair value through other comprehensive income ("**FVTOCI**")		**(4,982)**	(2,551)
Share of results of associates	17	**1,687**	850
Finance costs	7	**(2,761)**	(9,283)
Profit before taxation	8	**135,248**	95,082
Taxation	10	**(16,929)**	(19,408)
Profit for the year		**118,319**	75,674
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net gain (loss) on change in fair value of debt instruments at FVTOCI, net of tax		**32,440**	(37,390)
Impairment loss on debt instruments at FVTOCI included in profit or loss		**4,982**	2,551
Exchange difference arising on translating foreign operation		**5,738**	5,082
		43,160	(29,757)
Item that will not be reclassified subsequently to profit or loss:			
Loss on change in fair value of equity instruments at FVTOCI		**(2,843)**	(10,746)
		(2,843)	(10,746)
Other comprehensive income for the year		**40,317**	(40,503)
Total comprehensive income for the year		**158,636**	35,171
Earnings per share	12		
– Basic		**HK10.3 cents**	HK6.3 cents
– Diluted		**HK10.3 cents**	HK6.3 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2021

	NOTES	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	13	**664,333**	662,459
Right-of-use assets	14	**1,894**	4,958
Investment property	15	**27,668**	26,645
Intangible assets	16	**5,000**	10,006
Interests in associates	17	**7,431**	6,202
Equity instruments at FVTOCI	18	**22,661**	25,242
Financial assets at fair value through profit or loss ("**FVTPL**")	23	**130,870**	106,952
Debt instruments at FVTOCI	24	**612,877**	373,981
Club debenture	19	**12,200**	12,200
Deferred tax asset	29	**466**	70
Deposits for acquisition of property, plant and equipment	13	**27,502**	381
		1,512,902	1,229,096
Current assets			
Contract assets	20	**445**	205
Trade and other receivables	21	**91,517**	84,621
Amounts due from related parties	22	**745**	12,148
Financial assets at FVTPL	23	**36,600**	–
Debt instruments at FVTOCI	24	**210,227**	465,285
Pledged bank deposit	25	**500**	–
Bank balances and cash	25	**151,738**	107,969
		491,772	670,228
Current liabilities			
Trade and other payables	26	**165,807**	134,854
Contract liabilities	27	**23,931**	35,338
Taxation payable		**12,153**	6,997
Bank borrowings	28	**155,286**	163,319
Lease liabilities	30	**1,071**	2,139
Bank overdrafts	25	**–**	70,183
		358,248	412,830
Net current assets		**133,524**	257,398
Total assets less current liabilities		**1,646,426**	1,486,494
Non-current liabilities			
Deferred tax liability	29	**2,787**	1,103
Lease liabilities	30	**–**	1,006
		2,787	2,109
Net assets		**1,643,639**	1,484,385
Capital and reserves			
Share capital	31	**11,515**	11,515
Reserves		**1,632,124**	1,472,870
Total equity		**1,643,639**	1,484,385

The consolidated financial statements on pages 42 to 142 were approved and authorised for issue by the Board of Directors on 26 July 2021 and are signed on its behalf by:

Liu Tianni
Director

Liu Lin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share capital HK$'000	Share premium HK$'000 (Note i)	Merger reserve HK$'000 (Note ii)	Capital reserve HK$'000 (Note iii)	Capital redemption reserve HK$'000 (Note iv)	Share options reserve HK$'000 (Note v)	FVTOCI reserve HK$'000 (Note vi)	Translation reserve HK$'000 (Note vii)	Accumulated profits HK$'000	Total HK$'000
At 1 April 2019	11,940	728,383	10	(1)	(4,773)	3,165	(44,857)	2,865	801,296	1,498,028
Profit for the year	–	–	–	–	–	–	–	–	75,674	75,674
Net loss on change in fair value of debt instruments at FVTOCI, net of tax	–	–	–	–	–	–	(37,390)	–	–	(37,390)
Impairment loss on debt instruments at FVTOCL included in profit or loss	–	–	–	–	–	–	2,551	–	–	2,551
Exchange difference on translating foreign operation	–	–	–	–	–	–	–	5,082	–	5,082
Loss on change in fair value of equity instruments at FVTOCI	–	–	–	–	–	–	(10,746)	–	–	(10,746)
Other comprehensive income for the year	–	–	–	–	–	–	(45,585)	5,082	–	(40,503)
Total comprehensive income for the year	–	–	–	–	–	–	(45,585)	5,082	75,674	35,171
Recognition of equity-settled share-based payments	–	–	–	–	–	457	–	–	–	457
Lapse of share options	–	–	–	–	–	(183)	–	–	183	–
Repurchase of ordinary shares	(425)	(16,582)	–	–	–	–	–	–	–	(17,007)
Transaction costs attributable to repurchase of ordinary shares	–	(27)	–	–	–	–	–	–	–	(27)
Dividend recognised as distribution	–	–	–	–	–	–	–	–	(32,237)	(32,237)
At 31 March 2020 and 1 April 2020	**11,515**	**711,774**	**10**	**(1)**	**(4,773)**	**3,439**	**(90,442)**	**7,947**	**844,916**	**1,484,385**
Profit for the year	–	–	–	–	–	–	–	–	**118,319**	**118,319**
Net gain on change in fair value of debt instruments at FVTOCI, net of tax	**–**	**–**	**–**	**–**	**–**	**–**	**32,440**	**–**	**–**	**32,440**
Impairment loss on debt instruments at FVTOCL included in profit or loss	**–**	**–**	**–**	**–**	**–**	**–**	**4,982**	**–**	**–**	**4,982**
Exchange difference on translating foreign operation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,738**	**–**	**5,738**
Loss on change in fair value of equity instruments at FVTOCI	**–**	**–**	**–**	**–**	**–**	**–**	**(2,843)**	**–**	**–**	**(2,843)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**34,579**	**5,738**	**–**	**40,317**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**34,579**	**5,738**	**118,319**	**158,636**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**618**	**–**	**–**	**–**	**618**
Lapse of share options	**–**	**–**	**–**	**–**	**–**	**(497)**	**–**	**–**	**497**	**–**
At 31 March 2021	**11,515**	**711,774**	**10**	**(1)**	**(4,773)**	**3,560**	**(55,863)**	**13,685**	**963,732**	**1,643,639**

Notes:

(i) Share premium represented the excess of the net proceeds from issuance of the Company's shares over its nominal value. Under the law of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business after the distribution.

(ii) The merger reserve of Wonderful Sky Financial Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") represented the difference of the nominal value of the shares of Shine Talent Holdings Limited ("**Shine Talent Holdings**") issued in exchange for the entire share capital of Wonderful Sky Financial Group Limited ("**Wonderful Sky Financial Group**").

(iii) The capital reserve of the Group represented capital contribution arising from transfer of interest in a subsidiary to its shareholder.

(iv) Capital redemption reserve has been set up in accordance with the provisions of the Companies Law of the Cayman Islands on repurchases and cancellations of the Company's own shares.

(v) Share options reserve comprises the fair value at the grant date of unexercised share options granted to employees of the Group and is dealt with in accordance with the accounting policy adopted for share-based payment as set out in note 3 to the consolidated financial statements.

(vi) The FVTOCI reserve has been set up and is dealt with in accordance with the accounting policies adopted for the (i) cumulative net changes of the fair value of debt and equity instruments at FVTOCI and (ii) accumulated loss allowance on the debt instruments at FVTOCI as set out in note 3 to the consolidated financial statements.

(vii) Translation reserve has been set up and is dealt with in accordance with accounting policies adopted for the foreign exchange differences arising from the translation of the financial statements of the Group's foreign operations as set out in note 3 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 HK$'000	2020 HK$'000
Operating activities			
Profit before taxation		**135,248**	95,082
Adjustments for:			
Interest income from bank deposits		**(650)**	(1,262)
Interest expenses		**2,761**	9,283
Depreciation of property, plant and equipment		**36,556**	23,215
Depreciation of right-of-use assets		**3,319**	1,312
Depreciation of investment property		**587**	612
Impairment loss recognised on trade receivables, net		**9,629**	21,770
Impairment loss recognised on debt instruments at FVTOCI		**4,982**	2,551
Investment income from debt instruments at FVTOCI		**(79,128)**	(44,409)
Investment income from financial products		**(631)**	(2,713)
Written off of an intangible asset		**5,006**	–
(Gain) Loss on disposal of debt instruments at FVTOCI		**(11,202)**	3,903
Gain on disposal of interests in associates		**–**	(676)
Gain on changes in fair value of financial assets at FVTPL		**(7,722)**	(7,839)
Loss on disposal of property, plant and equipment		**427**	–
Share-based payments		**618**	457
Share of results of associates		**(1,687)**	(850)
Foreign exchange difference on inter-company balances		**(482)**	8,120
Operating cash flows before movements in working capital		**97,631**	108,556
(Increase) Decrease in contract assets		**(240)**	692
(Increase) Decrease in trade and other receivables		**(16,525)**	154,349
Increase (Decrease) in trade and other payables		**30,183**	(14,243)
Decrease in contract liabilities		**(11,407)**	(28,467)
Decrease (Increase) in amounts due from related parties		**11,403**	(1,496)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 HK$'000	2020 HK$'000
Cash generated from operations		**111,045**	219,391
Hong Kong Profits Tax paid		**(11,148)**	(22,847)
Net cash from operating activities		**99,897**	196,544
Investing activities			
Proceeds from redemption of financial products		**138,084**	332,467
Proceeds from disposal and redemption of debt instruments at FVTOCI		**782,658**	259,124
Proceeds from disposal of financial assets at FVTPL		**35,211**	162,032
Proceed from disposal of interest in an associate		**–**	9,907
Interest received from debt instruments at FVTOCI		**79,128**	44,409
Interest received from financial assets at FVTPL		**7,000**	7,875
Interest received from financial products		**631**	2,713
Interest received from bank deposits		**650**	1,262
Dividend received from an associate		**450**	750
Purchase of debt instruments at FVTOCI		**(722,205)**	(701,169)
Purchase of financial products		**(138,084)**	(224,228)
Purchase of financial assets at FVTPL		**(95,007)**	(100,000)
Purchase of property, plant and equipment		**(2,063)**	(11,875)
Advance to a related party		**–**	(5,000)
Payments for right-of-use assets		**–**	(2,126)
Deposits for acquisition of property, plant and equipment		**(27,121)**	(381)
Net cash outflow from acquisition of a subsidiary	32	**(35,942)**	–
Increase in pledged bank deposit		**(500)**	–
Net cash from (used in) investing activities		**22,890**	(224,240)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	**2021** **HK$'000**	2020 HK$'000
FINANCING ACTIVITIES			
Repayment of bank borrowings		**(8,033)**	(34,845)
Dividend paid		**–**	(32,237)
Payment on repurchase of shares		**–**	(17,034)
Interest paid		**(2,761)**	(9,283)
Repayment of lease liabilities		**(2,227)**	(1,011)
Net (decrease) increase in bank overdrafts		**(70,183)**	70,183
Net cash used in financing activities		**(83,204)**	(24,227)
Net increase (decrease) in cash and cash equivalents		**39,583**	(51,923)
Cash and cash equivalents at beginning of the year		**107,969**	158,900
Effect of exchange rate changes		**4,186**	992
Cash and cash equivalents at end of the year, represented by bank balances and cash		**151,738**	107,969

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. GENERAL

Wonderful Sky Financial Group Holdings Limited ("**the Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 12 January 2011 under the Companies Law of the Cayman Islands Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate holding company is Sapphire Star Investments Limited, a company with limited liability incorporated in the British Virgin Islands ("**BVI**") and the ultimate controlling party is Mr. Liu Tianni. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The principal activities of the Company are investment holding and securities investment. The principal activities of its principal subsidiaries are set out in the note 41.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

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

New and amendments to HKFRSs that are newly adopted for the current year

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption of the following new/revised HKFRSs issued by Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to the Company and its subsidiaries (collectively referred to as the "**Group**").

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKASs 1 and 8	Definition of Material
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform – Phase 1
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are newly adopted for the current year (Continued)

Amendments to HKASs 1 and 8: Definition of Material

The amendments clarify the definition of material and align the definition used across HKFRSs.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 39, HKFRSs 7 and 9: Interest Rate Benchmark Reform – Phase 1

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform (the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark). In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 3: Definition of a Business

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs that are newly adopted for the current year (Continued)

Amendments to HKFRS 16: Covid-19-Related Rent Concessions Beyond 30 June 2021

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before June 30, 2022. The amendments do not affect lessors.

These amendments shall be applied for annual periods beginning on or after 1 April 2021 with earlier application permitted. The Group has elected to early adopt the amendments in the current year.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2 [1]
Amendments to HKAS 16	Proceeds before Intended Use [2]
Amendments to HKAS 37	Cost of Fulfilling a Contract [2]
Amendments to HKFRS 3	Reference to the Conceptual Framework [2]
Annual Improvements to HKFRSs	2018–2020 Cycle [2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current [3]
Amendments to HKAS 1	Disclosure of Accounting Policies [3]
Amendments to HKAS 8	Definition of Accounting Estimates [3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction [3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]

[1] Effective for annual periods beginning on or after 1 January 2021

[2] Effective for annual periods beginning on or after 1 January 2022

[3] Effective for annual periods beginning on or after 1 January 2023

[4] The effective date to be determined

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

The directors do not anticipate that the adoption of the new/revised HKFRSs in future will have material impact on the results of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the principal 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", leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 April 2019) or HKAS 17 (before application of 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".

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For financial instruments 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.

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.

The principal accounting policies are set out below.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

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.

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

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

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates (Continued)

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. The difference between the carrying amount of the associate and the fair value of any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal of the relevant associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. 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 services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents service (or a bundle of services) that is distinct or a series of distinct 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 service.

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

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

Service income from project-based financial public relations services, financial printing services for non-initial public offering clients ("**non-IPO Clients**"), and international roadshow services is recognised when the customers obtain control of the services, which approximates the time when the relevant projects or international roadshow events are completed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (Continued)

Service income from financial printing services for customers seeking initial public offering ("**IPO Clients**") is recognised over time as 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.

Service income from daily financial public relations services under subscription model is recognised over time as the customer simultaneously receives and consumes the benefits of the Group's performance over time. Such income is recognised on a straight-line basis over the subscription period when the relevant services are rendered.

Usually the Group requires sales deposits from IPO Clients and makes progress billings for services rendered. Occasionally, IPO Clients may decide to delay the listing timetable. Under such circumstances, sales deposits received by the Group of which services have yet to be rendered pending the completion of the initial public offering will be accounted for as contract liability and included in current liabilities in the consolidated statement of financial position. In rare cases, IPO Clients may decide to terminate the IPO process. Under these circumstances, sales deposits received by the Group and project-based fees for services rendered will be recognised as revenue immediately when the Group receives termination notice from the relevant IPO Clients.

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

Input method

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 services.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (Continued)

Variable consideration

For contracts that contain variable consideration in respect of financial public relations service, financial printing service and international roadshow service, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Leases

Definition of a lease

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of staff quarters and 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; and
- any initial direct costs incurred by the Group.

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 are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

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.

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

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

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

3. 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 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.

The Group has applied the practical expedient provided in Amendments to HKFRS 16: Covid-19-Related Rent Concessions and does not assess whether eligible rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modification. The Group accounts for any change in lease payments resulting from the rent concession the same way it would account for the change applying HKFRS 16 if the change were not a lease modification.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessor (Continued)

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.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 "Revenue from Contracts with Customers" to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the supply of 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 that is accounted for as an operating lease is presented as "right-of-use assets" in the consolidated statement of financial position. 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.

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 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties

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 stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, the carrying amount of that item at the date of transfer is recognised as cost of that item in investment property.

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 a business combination

Intangible assets acquired in a business combination 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 a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

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.

Club debenture

Club debenture has an infinite useful life and is carried at cost less any subsequent accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and investment property to determine whether there is any indication that those 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. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, investment property 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 to which the asset belongs.

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

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 pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) 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 cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. 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 cash-generating units. An impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) 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 cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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 (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting 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 FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

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

(ii) Debt instruments at FVTOCI

Subsequent changes in the carrying amounts for debt instruments at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(iii) Equity instruments at FVTOCI

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

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

(iv) Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, other receivables, debt instruments at FVTOCI, amounts due from related parties and bank balances) and contract assets which are subject to impairment 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 these 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, 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets (Continued)

(i) Significant increase in credit risk (Continued)

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets (Continued)

(i) Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (1) it has a low risk of default, (2) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers the credit risk of the debt instrument mainly with reference to external credit rating of "investment grade" as per globally understood definitions.

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

(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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets (Continued)

(iii) Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and contract assets (Continued)

(v) Measurement and recognition of ECL

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

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

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.

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

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

3. 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 recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchases, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost

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

Derecognition 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.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

3. 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 consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) 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. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation that includes an associate), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

Share-based payment

Equity-settled share-based payment transactions

Share options granted to employees

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 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 each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, 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 profits.

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 profit before taxation because of income or expense that are taxable or deductible in other years and items 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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 differences 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 other 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 and associates, 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.

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 the 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 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 "Income Taxes" 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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 is 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.

Retirement benefit costs

Payments to Mandatory Provident Fund Scheme ("**MPF Scheme**") and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

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, annual leave and sick leave) after deducting any amount already paid.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The Company's executive directors and the chief executive officer, who is responsible for allocating resources and assessing performance of the operating segments, have been identified as the CODM that make strategic decisions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an 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.

Key sources of estimation uncertainty

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

Impairment assessment of trade receivables

The management of the Group estimates the amount of lifetime ECL of trade receivables based on individual assessment, after considering internal credit ratings of trade debtors, aging, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. At every reporting date, the 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 is disclosed in notes 38 and 21 respectively.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Fair value measurements and valuation processes

Some of the Group's financial assets are measured at fair value for financial reporting purposes. The directors of the Company have a designated team to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of listed bond securities which are classified as debt instruments at FVTOCI or financial assets at FVTPL, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group will assess the valuation of financial instruments based on quoted bid prices of the previous trading day in the markets at the end of the reporting period. As mentioned above, in estimating the fair value of the Group's bond securities listed on the Stock Exchange, the Singapore Exchange Securities Trading Limited ("**SGX**") and overseas exchanges, the team will assess the fair value taking into account primarily the fair value quoted by the brokers at the end of the reporting period. For the unlisted fund securities which are classified as debt instruments at FVTOCI, the Group will assess the valuation based on the quotes from the fund managers. The team will exercise their judgements based on their experience to establish and determine the appropriate valuation techniques and inputs to the valuation model. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company. Any changes in the marketability of the listed bond securities will affect the fair value of the investments.

In estimating the fair value of the Group's financial products, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, management of the Group will assess the valuation of financial products based on discounted cash flow method at the end of the reporting period. The team will exercise their judgements based on their experience to establish and determine the appropriate valuation techniques and inputs to the valuation model. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Fair value measurements and valuation processes (Continued)

In estimating the fair value of the unlisted investment funds, the Group makes reference to the net asset value provided by the relevant administrators of the investment funds.

For unlisted equity instruments, the Group engages independent qualified valuers to perform the valuation. The management of the Group works closely with the independent qualified valuers to establish the appropriate valuation techniques and inputs to the model, and will report the valuation findings to the directors of the Company to explain the cause of fluctuations in the fair value of the assets.

Notes 18, 23, 24 and 38 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair values of the listed equity investments, unlisted equity investments, listed bond securities, convertible bond, unlisted investment funds and unlisted fund securities of the Group.

5. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue is as follows:

	2021	2020
	HK$'000	*HK$'000*
Recognised at a point in time		
Project-based financial public relations services	**199,908**	287,681
Financial printing services for non-IPO Clients	**64,989**	71,289
International roadshow services	**7,231**	77,257
	272,128	436,227
Recognised over time		
Daily financial public relations service under subscription model	**87,456**	7,180
Financial printing services for IPO Clients	**11,537**	7,086
	98,993	14,266
	371,121	450,493

All sales contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The Group's operating activities consists of the provision of financial public relations services and the organisation and coordination of international roadshows. These operating segments have been identified on the basis of internal management reports that are regularly reviewed by the Chief Executive Officer of the Company, who is the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance. No operating segments have been aggregated in arriving at the reportable segments of the Group.

5. REVENUE AND 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

	Provision of financial public relations services	Organisation and coordination of international roadshows	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Revenue	**363,890**	**7,231**	**371,121**
Segment profit (loss)	**105,796**	**(641)**	**105,155**
Unallocated corporate income			**39,698**
Investment income from debt instruments at FVTOCI			**79,128**
Impairment loss recognised on debt instruments at FVTOCI			**(4,982)**
Staff costs (including retirement benefit schemes contributions and share-based payments)			**(34,587)**
Share of results of associates			**1,687**
Other unallocated corporate expenses			**(48,090)**
Finance costs			**(2,761)**
Profit before taxation			**135,248**

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the year ended 31 March 2020

	Provision of financial public relations services *HK$'000*	Organisation and coordination of international roadshows *HK$'000*	Consolidated *HK$'000*
Revenue	373,236	77,257	450,493
Segment profit	112,915	30,879	143,794
Unallocated corporate income			19,308
Investment income from debt instruments at FVTOCI			44,409
Impairment loss recognised on debt instruments at FVTOCI			(2,551)
Staff costs (including retirement benefit schemes contributions and share-based payments)			(37,338)
Expense relating to short-term leases and other leases with lease terms ended within 12 months of the date of initial application of HKFRS 16			(1,634)
Share of results of associates			850
Other unallocated corporate expenses			(62,473)
Finance costs			(9,283)
Profit before taxation			95,082

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned (loss incurred) by each segment without allocation of certain other income, certain other gain and losses, central administration costs, directors' salaries, expenses relating to short-term leases and other leases with lease terms ended within 12 months of the date of initial application of HKFRS 16, operating lease rentals, share of results of associates, impairment loss recognised on debt instruments at FVTOCI and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

At 31 March 2021

	Provision of financial public relations services *HK$'000*	Organisation and coordination of international roadshows *HK$'000*	Consolidated *HK$'000*
Assets			
Segment assets	**748,724**	**2,405**	**751,129**
Right-of-use assets			**1,894**
Investment property			**27,668**
Interests in associates			**7,431**
Equity instruments at FVTOCI			**22,661**
Financial assets at FVTPL			**167,470**
Debt instruments at FVTOCI			**823,104**
Club debenture			**12,200**
Deferred tax asset			**466**
Bank balances and cash			**151,738**
Pledged bank deposit			**500**
Other unallocated assets			**38,413**
Total assets			**2,004,674**
Liabilities			
Segment liabilities	**120,879**	**1,355**	**122,234**
Taxation payable			**4,567**
Bank borrowings			**155,286**
Deferred tax liabilities			**2,787**
Lease liabilities			**1,071**
Other unallocated liabilities			**75,090**
Total liabilities			**361,035**

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

At 31 March 2020

	Provision of financial public relations services HK$'000 (Restated)	Organisation and coordination of international roadshows HK$'000 (Restated)	Consolidated HK$'000 (Restated)
Assets			
Segment assets	750,816	4,696	755,512
Right-of-use assets			4,958
Investment property			26,645
Interests in associates			6,202
Equity instruments at FVTOCI			25,242
Financial assets at FVTPL			106,952
Debt instruments at FVTOCI			839,266
Club debenture			12,200
Deferred tax asset			70
Non-trade related amounts due from related parties			10,652
Bank balances and cash			107,969
Other unallocated assets			3,656
Total assets			1,899,324
Liabilities			
Segment liabilities	61,656	6,742	68,398
Taxation payable			4,867
Bank borrowings			163,319
Bank overdrafts			70,183
Deferred tax liabilities			1,103
Lease liabilities			3,145
Other unallocated liabilities			103,924
Total liabilities			414,939

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

At 31 March 2020 (Continued)

Notes:

1. Conforming to current year's presentation, certain comparative figures on the above note relate to the amount of the owned properties, which was classified as unallocated assets, had been reclassified to respective segment. The revised presentation reflected more appropriately the nature of these items. These reclassifications have no effect on the reported financial position, results or cash flows of the Group.

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

   – All assets are allocated to reportable segments except for right-of-use assets, investment property, interests in associates, debt instruments at FVTOCI, financial assets at FVTPL, equity instruments at FVTOCI, non-trade related amounts due from related parties, deposits and prepayments and other receivables, club debenture, deferred tax asset, taxation recoverable and bank balances and cash.

   – All liabilities are allocated to reportable segments except for accrued administrative expenses, deferred tax liability, lease liabilities, bank overdrafts and bank borrowings.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information

For the year ended 31 March 2021

	Provision of financial public relations services *HK$'000*	Organisation and coordination of international roadshows *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:				
Additions to non-current assets	62,822	–	3,455	66,277
Depreciation of property, plant and equipment	36,483	73	–	36,556
Depreciation of investment property	–	–	587	587
Depreciation of right of use assets	3,319	–	–	3,319
Impairment loss recognised on trade receivables, net	8,390	1,239	–	9,629
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Other service fee income	–	–	(11,664)	(11,664)
Interest income from trade receivables	(4,903)	–	–	(4,903)
Write off of an intangible asset	–	–	5,006	5,006
Gain on disposal of debt instruments at FVTOCI	–	–	(11,202)	(11,202)
Impairment loss recognised on debt instruments at FVTOCI	–	–	4,982	4,982
Gain on change in fair value of financial assets at FVTPL	–	–	(7,722)	(7,722)
Investment income from debt instruments at FVTOCI	–	–	(79,128)	(79,128)
Investment income from financial products	–	–	(631)	(631)
Interest expenses	–	–	2,761	2,761
Income tax expenses	4,839	(25)	12,115	16,929

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

For the year ended 31 March 2020

	Provision of financial public relations services *HK$'000*	Organisation and coordination of international roadshows *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:				
Additions to non-current assets	12,406	–	6,301	18,707
Depreciation of property, plant and equipment	23,144	71	–	23,215
Depreciation of investment property	–	–	612	612
Depreciation of right of use assets	1,312	–	–	1,312
Impairment loss recognised on trade receivables, net	19,443	2,327	–	21,770
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Gain on disposal of interests in associates	–	–	(676)	(676)
Loss on disposal of debt instruments at FVTOCI	–	–	3,903	3,903
Impairment loss recognised on debt instruments at FVTOCI	–	–	2,551	2,551
Gain on change in fair value of financial assets at FVTPL	–	–	(7,839)	(7,839)
Investment income from debt instruments at FVTOCI	–	–	(44,409)	(44,409)
Investment income from financial products	–	–	(2,713)	(2,713)
Interest expenses	–	–	9,283	9,283
Income tax expenses	6,582	5,028	7,798	19,408

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

More than 90% of the Group's revenue are arisen in Hong Kong, the place of domicile of the relevant group entities for both years.

The Group's non-current assets (excluding debt instruments at FVTOCI, financial assets at FVTPL, equity instruments at FVTOCI and deferred tax asset) by geographical location of the assets are detailed below:

	2021 ***HK$'000***	2020 *HK$'000*
Hong Kong	**687,009**	689,217
The People's Republic of China ("**PRC**")	**31,351**	6,989
Singapore	**27,668**	26,645
	746,028	722,851

Information about major customers

No individual customer accounted for over 10% of the Group's total revenue during both years.

6. OTHER GAIN AND LOSSES

	2021 ***HK$'000***	2020 *HK$'000*
Net foreign exchange gain (loss)	**5,223**	(13,324)
Gain (loss) on disposal of debt instruments at FVTOCI *(Note)*	**11,202**	(3,903)
Gain on change in fair value of financial assets at FVTPL	**7,722**	7,839
Gain on disposal of interests in associates	**–**	676
Loss on disposal of property, plant and equipment	**(427)**	–
Written off of an intangible asset	**(5,006)**	–
	18,714	(8,712)

Note: The amount included reclassification adjustment of gain (loss) on debt instruments at FVTOCI of loss approximately HK$46,566,000 (2020: loss approximately HK$1,901,000) from equity to profit or loss.

7. FINANCE COSTS

	2021 **HK$'000**	2020 HK$'000
Interest on bank borrowings and bank overdrafts	**2,657**	9,197
Interest on lease liabilities	**104**	86
	2,761	9,283

8. PROFIT BEFORE TAXATION

	2021 **HK$'000**	2020 HK$'000
Profit before taxation has been arrived at after charging:		
Directors' and chief executive's remuneration *(Note 9(a))*	**4,708**	6,908
Other staff costs	**71,759**	84,217
Retirement benefit schemes contributions for other staff	**2,233**	3,638
Share-based payments for other staff	**618**	457
	79,318	95,220
Auditor's remuneration	**700**	1,700
Depreciation of property, plant and equipment	**36,556**	23,215
Depreciation of right-of-use assets	**3,319**	1,312
Depreciation of investment property	**587**	612
and after crediting:		
Interest income from bank deposits (included in other income)	**650**	1,262
Interest income from trade receivables (included in other income)	**4,903**	–
Other service fee income (included in other income)	**11,664**	–
Commission income (included in other income)	**1,877**	2,341
Investment income from debt instruments at FVTOCI (included in other income)	**79,128**	44,409
Investment income from financial products (included in other income)	**631**	2,713
Rental income from investment property (included in other income)	**664**	1,039
Government subsidies (included in other income) *(Note)*	**9,566**	–

Note: During the year ended 31 March 2021, the Group recognised government grants of approximately HK$9,566,000 (2020: Nil) in respect of COVID-19-related subsidies provided by the local government authorities. In the opinion of the management of the Group, there were no unfulfilled conditions or contingencies relating to these grants.

9. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

	Directors' fees	Salaries and allowances	Performance related incentive payments	Retirement benefit scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*
For the year ended 31 March 2021					
Executive directors:					
Mr. Liu Tianni	**–**	**3,730**	**–**	**18**	**3,748**
Ms. Liu Lin	**600**	**–**	**–**	**–**	**600**
Independent non-executive directors:					
Ms. Lam Yim Kei, Sally	**120**	**–**	**–**	**–**	**120**
Ms. Lee Wing Sze, Rosa	**120**	**–**	**–**	**–**	**120**
Ms. Li Ling Xiu	**120**	**–**	**–**	**–**	**120**
	960	**3,730**	**–**	**18**	**4,708**
For the year ended 31 March 2020					
Executive directors:					
Mr. Liu Tianni	–	3,730	2,200	18	5,948
Ms. Liu Lin	600	–	–	–	600
Independent non-executive directors:					
Ms. Lam Yim Kei, Sally	120	–	–	–	120
Ms. Lee Wing Sze, Rosa	120	–	–	–	120
Ms. Li Ling Xiu	120	–	–	–	120
	960	3,730	2,200	18	6,908

Note: The performance related incentive payment is determined with reference to the Group's individual performances.

9. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

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

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

The remuneration of directors and key executives is determined by the remuneration committee having regard to the Group's operating results, individual performance and market statistics.

Mr. Liu Tianni is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as chief executive.

(b) Employees' emoluments

The five highest paid employees of the Group during the year included one director (2020: one director), details of whose emoluments are set out above. The emoluments of the remaining four (2020: four) highest paid employees of the Group are as follows:

	2021	2020
	HK$'000	*HK$'000*
Salaries and allowances	**3,538**	3,588
Performance related incentive payments *(Note)*	**1,345**	484
Retirement benefit scheme contributions	**72**	72
Share-based payments	**618**	1,216
	5,573	5,360

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

	2021	2020
HK$1,000,001 to HK$1,500,000	**3**	4
HK$2,000,001 to HK$2,500,000	**1**	–

Note: The performance related incentive payment is determined with reference to the individual performances.

9. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(b) Employees' emoluments (Continued)

During the years ended 31 March 2021 and 2020, no remuneration was paid by the Group to the directors and the chief executive of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration.

10. TAXATION

	2021	2020
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– Current tax	**19,711**	19,521
– Over provision in prior years	**(4,565)**	(598)
	15,146	18,923
PRC and overseas tax		
– Current tax	**431**	–
– Under provision in prior years	**64**	–
	495	–
Deferred taxation *(Note 29)*	**1,288**	485
	16,929	19,408

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The PRC enterprise income tax has been provided at the rate of 25% on the estimated assessable profits of a subsidiary in the PRC (2020: Nil).

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

10. TAXATION (CONTINUED)

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

	2021 **HK$'000**	2020 HK$'000
Profit before taxation	**135,248**	95,082
Tax at the applicable tax rate (2020:16.5%)	**22,887**	15,689
Tax effect of expenses not deductible for tax purposes	**8,064**	941
Tax effect of income not taxable for tax purposes	**(10,787)**	(1,166)
Tax effect of tax losses not recognised	**2,244**	5,396
Utilisation of tax losses previously not recognised	**(3,481)**	(589)
Unrecognised temporary differences	**1,445**	–
Tax effect of two-tiered profit tax rate regime	**(165)**	(165)
Tax concessions	**(30)**	(100)
Over provision in prior years	**(4,501)**	(598)
Others	**1,253**	–
Taxation charge	**16,929**	19,408

11. DIVIDENDS

No final dividend was proposed for ordinary shareholders of the Company in respect of the years ended 31 March 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

During the year ended 31 March 2020, the Company declared and paid a final dividend of HK2.7 cents per share, totaling HK$32,237,000 in respect of the year ended 31 March 2019.

12. EARNINGS PER SHARE

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

	2021	2020
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**118,319**	75,674

	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,151,454,000**	1,193,391,000

The computation of diluted earnings per share does not assume the exercise of the Company's options at exercise prices of HK$1.174 and HK$1.5 (2020: HK$1.174 and HK$1.5) because the exercise prices of those options were higher than the average market price of shares for the year ended 31 March 2021 (2020: for the year ended 31 March 2020) or the period in which the options were outstanding.

13. PROPERTY, PLANT AND EQUIPMENT/DEPOSITS FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	Owned properties	Leasehold improvements	Furniture and fixtures	Yacht	Motor vehicles	Computer equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 1 April 2019	707,262	18,305	4,379	–	7,040	8,970	745,956
Exchange realignment	–	–	(82)	–	–	(165)	(247)
Additions	–	3,121	7,715	–	–	1,191	12,027
Disposals/write-off	–	(657)	(1,086)	–	(6,332)	(4,287)	(12,362)
Transfer to investment property	(29,839)	–	–	–	–	–	(29,839)
At 31 March 2020 and 1 April 2020	677,423	20,769	10,926	–	708	5,709	715,535
Exchange realignment	–	–	49	–	–	144	193
Additions	–	–	130	36,712	1,298	635	38,775
Disposals/write-off	–	–	(1,048)	–	–	(205)	(1,253)
At 31 March 2021	**677,423**	**20,769**	**10,057**	**36,712**	**2,006**	**6,283**	**753,250**
ACCUMULATED DEPRECIATION							
At 1 April 2019	20,638	6,642	2,070	–	6,720	7,207	43,277
Exchange realignment	–	–	(18)	–	–	(156)	(174)
Provided for the year	13,539	5,492	2,621	–	212	1,351	23,215
Eliminated on disposal/write-off	–	(657)	(1,086)	–	(6,332)	(4,287)	(12,362)
Transfer to investment property	(880)	–	–	–	–	–	(880)
At 31 March 2020 and 1 April 2020	33,297	11,477	3,587	–	600	4,115	53,076
Exchange realignment	–	–	–	–	–	111	111
Provided for the year	22,451	6,227	3,230	3,455	236	957	36,556
Eliminated on disposal/write-off	–	–	(621)	–	–	(205)	(826)
At 31 March 2021	**55,748**	**17,704**	**6,196**	**3,455**	**836**	**4,978**	**88,917**
CARRYING VALUES							
At 31 March 2021	**621,675**	**3,065**	**3,861**	**33,257**	**1,170**	**1,305**	**664,333**
At 31 March 2020	644,126	9,292	7,339	–	108	1,594	662,459

The costs of the owned properties are depreciated over the shorter of the unexpired lease terms or 50 years on a straight-line basis.

13. PROPERTY, PLANT AND EQUIPMENT/DEPOSITS FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The other items of property, plant and equipment are depreciated over their estimated useful lives after taking into account their estimated residual values, on a straight-line basis, at the following rates per annum.

Leasehold improvements	Over shorter of the term of leases or 30%
Furniture and fixtures	30%
Yacht	14%
Motor vehicles	30%
Computer equipment	30%

As at 31 March 2021, owned properties of HK$592,147,000 (2020: HK$613,944,000) were pledged to the banks to secure bank borrowings granted to the Group.

During the year, the Group paid a consideration of HK$27,502,000 for the acquisition of a property. As at 31 March 2021, the vendor has not delivered the property to the Group.

14. RIGHT-OF-USE ASSETS

	Leased properties *HK$'000*
Reconciliation of carrying amount – year ended 31 March 2020	
At 1 April 2019	–
Additions	6,301
Depreciation	(1,312)
Exchange realignment	(31)
At 31 March 2020	4,958
Reconciliation of carrying amount – year ended 31 March 2021	
At 1 April 2020	4,958
Depreciation	(3,319)
Exchange realignment	255
At 31 March 2021	**1,894**

14. RIGHT-OF-USE ASSETS (CONTINUED)

	HK$'000
At 31 March 2020	
Cost	6,301
Accumulated depreciation	(1,312)
Exchange realignment	(31)
Net carrying amount	4,958
At 31 March 2021	
Cost	6,301
Accumulated depreciation	(4,631)
Exchange realignment	224
Net carrying amount	1,894

	2021 ***HK$'000***	2020 *HK$'000*
Rental expenses recognised under short-term leases *(Note)*	–	1,634
Total cash outflow for leases	**2,331**	4,857

Note: During the year ended 31 March 2020, the lease represents the use of office premises with an immediate family member of Mr. Liu Tianni.

For both years, the Group leases various offices, staff quarters and warehouse for its operations. Lease contracts are entered into for fixed term of 12 months to 2 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.

In addition, lease liabilities of HK$1,071,000 (2020: HK$3,145,000) with related right-of-use assets of HK$1,097,000 (2020: HK$3,098,000) and prepaid right-of-use assets of HK$797,000 (2020: HK$1,860,000) are recognised as at 31 March 2021. 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.

15. INVESTMENT PROPERTY

	HK$'000
COST	
At 31 April 2019	–
Transfer from property, plant and equipment	28,959
Exchange realignment	(1,753)
At 31 March 2020 and 1 April 2020	27,206
Exchange realignment	1,634
At 31 March 2021	**28,840**
ACCUMULATED DEPRECIATION	
At 1 April 2019	–
Provided for the year	612
Exchange realignment	(51)
At 31 March 2020 and 1 April 2020	561
Provided for the year	587
Exchange realignment	24
At 31 March 2021	**1,172**
CARRYING VALUES	
At 31 March 2021	**27,668**
At 31 March 2020	26,645

During the year, the Group leases out an office under an operating lease with rentals payable monthly. The lease runs for an initial period of 30 months.

The Group is not exposed to foreign currency risk as a result of the lease arrangement, as the lease is denominated in the functional currency of the group entity. The lease contract does not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term. The investment property is depreciated on a straight-line basis over the shorter of the unexpired lease terms or 50 years.

15. INVESTMENT PROPERTY (CONTINUED)

At 31 March 2021, the fair value of the Group's investment property was approximately HK$31,400,000 as determined by the directors of the Company using the direct comparison method on the assumption that the property can be sold in its existing state subjected to existing tenancies or otherwise with the benefit of vacant possession and making references to comparable sales transactions as available in the relevant market. The fair value measurement of the investment property is categorised within level 2 of the fair value hierarchy. In the opinion of the directors of the Company, the fair value of the investment property approximates to its carrying amount as at 31 March 2020.

As at 31 March 2021 and 2020, the investment property has been pledged to secure banking facilities granted to the Group.

16. INTANGIBLE ASSETS

Intangible assets amounting to HK$5,000,000 is Type 9-Asset Management (2020: HK$10,006,000, Type 9 -Asset Management and Type 6-Advising on Corporate Finance) licences issued by the Securities and Futures Commission which were acquired through acquisition of companies during the year ended 31 March 2018. These licences are renewable annually at minimal costs. In the opinion of the directors, the intangible assets have an indefinite useful life because they are expected to contribute net cash inflows indefinitely. The intangible assets will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

During the year ended 31 March 2021, management of the Group determined to cease the development of the Type 6 regulated business activities and write off the amount of HK$5,006,000 in profit or loss.

As at 31 March 2021, the directors of the Company performed an impairment assessment of the intangible assets with reference to valuation based on market approach carried out by Roma Appraisals Limited, an independent firm of qualified professional valuer not connected with the Group (2020: based on market approach carried out by Royson Valuation Advisory Limited). The directors of the Company considered no impairment was necessary.

17. INTERESTS IN ASSOCIATES

	2021 **HK$'000**	2020 HK$'000
Unlisted investments in associates, at cost	**5,416**	5,416
Share of post-acquisition profits, net of dividends received	**2,239**	1,002
Cumulative exchange difference	**(224)**	(216)
	7,431	6,202

The Group's associates are all unlisted and individually immaterial. The aggregate amounts of the Group's share of these associates' results are as follows:

	2021 **HK$'000**	2020 HK$'000
The Group's share of profits for the year	**1,687**	912
Dividend received from an associate during the year	**450**	750
Aggregate carrying amount of the Group's interests in these associates	**7,431**	6,202

The exchange difference arising from translation of financial information of associates which represents a loss of HK$8,000 (2020: loss of HK$610,000) for the year ended 31 March 2021 is recognised in other comprehensive income and accumulated in translation reserve.

18. EQUITY INSTRUMENTS AT FVTOCI

	2021	2020
	HK$'000	*HK$'000*
Listed equity investment, at fair value		
– in Hong Kong *(Note a)*	**19,831**	21,089
Unlisted equity investments, at fair value		
– in the PRC *(Note b)*	**2,830**	4,153
Non-current assets *(Note c)*	**22,661**	25,242

Notes:

(a) The above listed equity investment represents ordinary shares of China Shanshui Cement Group Limited, an entity listed in the Stock Exchange. At 31 March 2021 and 2020, the fair value of the listed equity investments is based on the bid price quoted in the Stock Exchange at the end of the reporting periods.

(b) The above unlisted equity investments in the PRC represents the Group's equity interests in a private entity which is engaged in broadcast of television shows and films in the PRC. At 31 March 2021 and 2020, the fair values of the unlisted equity instrument was derived based on market approach. The valuations were carried out by Roma Appraisals Limited (2020: Greater China Appraisal Limited), an independent firm of qualified professional valuer not connected with the Group.

(c) The directors of the Company have elected to designate these investments in equity instruments at FVTOCI as the Group intends to hold these equity investments for long term strategic purposes.

The above unlisted and listed equity investments represent the Group's equity interests in private entities established in the PRC, British Virgin Islands and one entity listed in Hong Kong.

Included in equity instruments at FVTOCI is the following amount denominated in a currency other than the functional currency of the respective group entity which it relates:

	2021	2020
	HK$'000	*HK$'000*
Renminbi ("**RMB**")	**2,830**	4,153

19. CLUB DEBENTURE

At 31 March 2021, the unlisted club debenture of HK$12,200,000 (2020: HK$12,200,000) is stated at cost less impairment at the end of the reporting period.

20. CONTRACT ASSETS

	2021	2020
	HK$'000	*HK$'000*
Project costs incurred	**445**	205

The contract assets from provision of financial printing services for IPO Clients primarily relate to the Group's right to consideration for work completed and not billed because the right is conditioned on the Group's future performance. The contract assets will be transferred to trade receivables when the rights become unconditional.

Details of impairment assessment are set out in note 38.

21. TRADE AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**142,742**	127,288
Less: Allowance for credit losses	**(55,677)**	(46,250)
	87,065	81,038
Other receivables		
– Deposits and prepayments	**3,849**	3,183
– Staff advances	**603**	400
	4,452	3,583
Total trade and other receivables	**91,517**	84,621

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

Service income arising from project-based financial public relations services, financial printing services for non-IPO Clients and international roadshows is recognised when services are rendered and is generally billed within 30 days from the completion of the event. Service income arising from financial printing for IPO Clients is recognised when services are rendered and is generally billed in accordance with payment schedule set out in contracts and within one month from the date of listing. Service income arising from daily financial public relations services under subscription model is recognised when services are rendered and is billed monthly, quarterly or semi-annually in arrears. The Group generally grants a credit period of 30 days to its customers.

Before accepting a new customer, the Group will internally assess the potential customer's credit quality and determine an appropriate credit limit. Management then closely monitors the outstanding balance and follow-up action is taken when debts are overdue.

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2021 ***HK$'000***	2020 *HK$'000*
Within 30 days	**12,989**	9,414
31 to 90 days	**20,196**	6,125
91 days to 1 year	**51,078**	60,054
Over 1 year	**2,802**	5,445
	87,065	81,038

Included in the Group's trade receivable balance as at 31 March 2021 are debtors with aggregate carrying amount of HK$74,076,000 (2020: HK$71,624,000) which are past due as at the reporting date. Out of the past due balances, HK$51,078,000 (2020: HK$60,054,000) has been aged from 91 days to 1 year and HK$2,802,000 (2020: HK$5,445,000) has been aged over 1 year or more but are not considered as in default as these customers have strong financial background and good credibility. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables for the year ended 31 March 2021 are set out in note 38.

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

Included in trade and other receivables are the following amounts denominated in currencies other than the functional currency of the respective group entity which it relates:

	2021	2020
	HK$'000	*HK$'000*
RMB	**2,442**	115
USD	**–**	1,111

22. AMOUNTS DUE FROM RELATED PARTIES

Particulars of the amounts due from related parties are disclosed as follows:

	2021	2020
	HK$'000	*HK$'000*
Draw Up Assets Limited ("**Draw Up Assets**") *(Note a)*	**–**	5,652
Wonderful Sky Limited ("**WSL**") *(Note a)*	**–**	5,000
Qingling Motors Company Limited ("**Qingling Motors**") *(Note b)*	**745**	1,496
	745	12,148

Notes:

(a) Mr. Liu Tianni, the controlling shareholder and director of the Company, is a director and a member of key management of Draw Up Assets and WSL for both years. The amounts are non-trade related, unsecured, non-interest bearing and repayable on demand.

(b) Mr. Liu Tianni, the controlling shareholder and director of the Company, is a director and a member of key management of Qingling Motors for both years. The amount is trade related, unsecured and noninterest bearing. The Group allows a credit period of 30 days to Qingling Motors.

22. AMOUNTS DUE FROM RELATED PARTIES (CONTINUED)

The following is an aging analysis of amount due from a related party of trade nature net of allowance for credit loss presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2021	2020
	HK$'000	*HK$'000*
Within 30 days	**45**	874
31 to 90 days	**9**	–
91 days to 1 year	**691**	622
	745	1,496

Details of impairment assessment of amounts due from related parties are set out in note 38.

23. FINANCIAL ASSETS AT FVTPL

	2021	2020
	HK$'000	*HK$'000*
Non-current assets		
Convertible bond, at fair value		
– with fixed coupon interest at 7% per annum and maturity date on 2 July 2022 *(Note 1)*	**111,207**	106,952
Unlisted investment funds, at fair value *(Note 2)*	**19,663**	–
Unlisted equity investment, at fair value *(Note 3)*	**–**	–
	130,870	106,952
Current assets		
Listed equity investment, at fair value *(Note 4)*	**36,600**	–
	167,470	106,952

23. FINANCIAL ASSETS AT FVTPL (CONTINUED)

Notes:

1. At 31 March 2021, the convertible bond represents subscription in convertible bond issued by Silver Grant International Holdings Group Limited ("**Silver Grant**"), a company listed on the Stock Exchange, with principal amount of HK$100,000,000.

   The Group can only exercise its conversion rights on the conditions that (i) no obligation will arise on the bondholder to make a general offer to the shareholders of Silver Grant for all securities of the Silver Grant under Rule 26 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission upon exercising of the conversion rights; and (ii) no Listing Rules, including the minimum public float requirements of Silver Grant under Listing Rules, will be breached as a result of an exercise of the conversion rights. Unless previously redeemed, converted, purchased or cancelled, Silver Grant will redeem all of the convertible bonds on the maturity date at such amount equivalent to 116.5% of the principal amount of the outstanding convertible bonds (inclusive of interests received up to the maturity date).

   The fair value of the convertible bond was derived based on Black-Scholes model with Trinomial Tree method. The valuation was carried out by Roma Appraisals Limited (2020: Greater China Appraisal Limited), an independent firm of qualified professional valuer not connected with the Group.

2. The amount represented the investment in two unlisted investment funds (2020: Nil) with primary objectives for capital appreciation and investment income. The unlisted investment funds are not quoted in an active market and transactions in such investment does not occur on a regular basis. During the year ended 31 March 2021, HK$19,663,000 (2020: Nil) were paid to acquire the investment funds.

   The fair value of the unlisted investment funds are stated with reference to the net asset value provided by administrators of the funds at the reporting date and are categorised within level 3 of the fair value hierarchy as further detailed in Note 38. The directors believe that the estimated fair value provided by the administrators of the fund are reasonable, and these are the most appropriate values at the end of reporting period. No change in fair value of the unlisted investment funds were recognised to profit or loss for the year ended 31 March 2021 (2020: Nil).

3. The unlisted equity investment represents an investment in preference shares (together with conversion right) in a private entity. At 31 March 2021, the fair value of the preference shares were reference to the net asset value provided by the private entity.

4. The listed equity investment represent ordinary shares of an entity listed in the Stock Exchange (2020: Nil). At 31 March 2021, the fair value of the listed equity investments is based on the bid price quoted in the Stock Exchange at the end of the reporting period.

23. FINANCIAL ASSETS AT FVTPL (CONTINUED)

Included in financial assets at FVTPL is the following amount denominated in a currency other than the functional currency of the respective group entity which it relates:

	2021 HK$'000	2020 HK$'000
USD	**19,663**	–

24. DEBT INSTRUMENTS AT FVTOCI

	2021 HK$'000	2020 HK$'000
Listed bond securities, at fair value		
– listed on the Stock Exchange with fixed coupon interests ranging from 4.7% to 13.00% (2020: 4.55% to 13.75%) per annum and maturity dates ranging from 4 April 2021 to 29 April 2025 (2020: 12 April 2020 to 26 September 2023)	**323,190**	565,557
– listed on SGX with fixed coupon interests ranging from 7.5% to 14.25% (2020: 6.5% to 12.88%) per annum and maturity dates ranging from 14 October 2021 to 16 April 2025 (2020: 29 August 2020 to 4 June 2168)	**472,401**	265,272
Unlisted fund securities, at fair value *(Note)*	**27,513**	8,437
	823,104	839,266
Analysed for reporting purposes:		
Non-current assets	**612,877**	373,981
Current assets	**210,227**	465,285
	823,104	839,266

Note: The unlisted fund securities represent unlisted mutual funds managed by financial institutions.

The fair values of the listed bond securities and the unlisted fund securities are based on the market bid prices and quotes from fund managers, respectively at the end of reporting period.

24. DEBT INSTRUMENTS AT FVTOCI (CONTINUED)

Included in debt instruments at FVTOCI is the following amount which is denominated in a currency other than functional currency of the respective group entities which they relate:

	2021	2020
	HK$'000	*HK$'000*
USD	**823,104**	839,266

Details of impairment assessment are set out in note 38.

25. BANK BALANCES AND CASH/PLEDGE BANK DEPOSIT/BANK OVERDRAFTS

Pledged bank deposit represented bank deposit pledged to a bank to secure a banking facility granted to the Group.

Bank overdrafts at 31 March 2020 carry interest at market rates which range 0.61% to 3.68% per annum.

Included in bank overdrafts is the following amount which is denominated in a currency other than the functional currency of the respective group entities which they relate:

	2021	2020
	HK$'000	*HK$'000*
USD	**–**	70,183

Included in bank balances and cash are the following amounts which are denominated in currencies other than the functional currency of the respective group entities which they relate:

	2021	2020
	HK$'000	*HK$'000*
RMB	**14,555**	3,274
USD	**98,295**	884
Singapore Dollar ("**SGD**")	**3,501**	8
Great Britain Pound ("**GBP**")	**68**	68

Details of impairment assessment of bank balances are set out in note 38.

26. TRADE AND OTHER PAYABLES

	2021 *HK$'000*	2020 *HK$'000*
Trade payables	**90,717**	31,626
Salaries payable	**14,190**	14,801
Accrued expenses	**11,078**	5,107
Other payables *(Note)*	**49,822**	83,320
	75,090	103,228
Total trade and other payables	**165,807**	134,854

Note: As at 31 March 2021, included in other payables is an amount of HK$27,086,000 (2020: Nil) consideration received from an independent third party for the sales of a listed equity investment in Hong Kong. The transaction has not been completed as at 31 March 2021.

As at 31 March 2020, included in other payables was an amount of HK$80,372,000 deposit received from an independent party for subscription of 10% equity interest in an existing wholly-owned subsidiary of the Group. The transaction had been cancelled and the related deposits were fully refunded during the year ended 31 March 2021.

The average credit period on purchase from suppliers is from 30 to 60 days.

The following is an aging analysis of trade payables based on the invoice dates at the end of the reporting period:

	2021 *HK$'000*	2020 *HK$'000*
Within 30 days	**23,001**	15,312
31 to 60 days	**1,757**	2,579
61 to 90 days	**6,042**	2,413
91 days to 1 year	**44,919**	11,322
Over 1 year	**14,998**	–
	90,717	31,626

26. TRADE AND OTHER PAYABLES (CONTINUED)

Included in trade and other payables is the following amount which is denominated in a currency other than the functional currency of the respective group entity which it relates:

	2021 **HK$'000**	2020 HK$'000
RMB	**9,538**	318

27. CONTRACT LIABILITIES

	2021 **HK$'000**	2020 HK$'000
Deposits received from customers	**23,931**	35,338

Contract liabilities represent deposits received from customers for financial public relations services and international roadshow services.

The contract liabilities at 31 March 2020 of HK$35,338,000 were fully recognised as revenue in the current year. The contract liabilities as at 31 March 2021 of HK$23,931,000 are expected to be recognised as revenue for the year ending 31 March 2022.

28. BANK BORROWINGS

	2021 **HK$'000**	2020 HK$'000
Secured and variable-rate bank loans	**155,286**	163,319
The carrying amounts of the above bank borrowings are repayable*:		
Within one year	**8,195**	7,565
Within a period of more than one year but not exceeding two years	**8,322**	7,738
Within a period of more than two years but not exceeding five years	**25,744**	24,256
Within a period of more than five years	**113,025**	123,760
	155,286	163,319

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

	2021 **HK$'000**	2020 HK$'000
The carrying amounts of bank borrowings due within one year (including those loans with repayment on demand clause) shown under current liabilities	**155,286**	163,319

The bank borrowings bear interests at Hong Kong Interbank Offered Rate ("**HIBOR**") plus 1% per annum.

The range of effective interest rates (which are also the contracted interest rates) charged on the Group's borrowings for the year is as follows:

	2021	2020
Effective interest rates:		
Variable-rate borrowings	**1.06% to 2.27%**	2.19% to 3.76%

29. DEFERRED TAX ASSET (LIABILITY)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax asset and liability have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2021	2020
	HK$'000	*HK$'000*
Deferred tax asset	**466**	70
Deferred tax liability	**(2,787)**	(1,103)
	(2,321)	(1,033)

The following is the deferred tax asset (liability) recognised and its movements during both years:

	ECL allowance	**Accelerated tax depreciation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2019	1,172	(1,720)	(548)
(Charged) credited to profit or loss *(Note 10)*	(1,096)	611	(485)
At 31 March 2020 and 1 April 2020	76	(1,109)	(1,033)
Credited (charged) to profit or loss *(Note 10)*	792	(2,080)	(1,288)
At 31 March 2021	**868**	**(3,189)**	**(2,321)**

At the end of the reporting period, the Group has unused tax losses of HK$80,776,000 (2020: HK$74,896,000) available to offset against future profits. Included in the unused tax losses are losses of HK$11,703,000 (2020: HK$19,665,000) which will be expired in 5 years (2020: 5 years). During the year ended 31 March 2021, unused tax losses of HK$ Nil (2020: HK$3,813,000) has expired. Other unused tax losses may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of the future profit streams.

30. LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
Lease liabilities payable:		
Within 1 year	**1,071**	2,139
Within a period of more than one year but not more than two years	**–**	1,006
	1,071	3,145
Less: Amount due for settlement within 12 months shown under current liabilities	**(1,071)**	(2,139)
Amount due for settlement after 12 months shown under non-current liabilities	**–**	1,006

31. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised (ordinary shares of HK$0.01 each):		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	10,000,000,000	100,000
Issued and fully paid (ordinary shares of HK$0.01 each):		
At 1 April 2019	1,193,974,000	11,940
Shares repurchased	(42,520,000)	(425)
At 31 March 2020, 1 April 2020 and 31 March 2021	1,151,454,000	11,515

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

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

On 21 August 2020, the Group acquired entire equity interest in Far East Rich Profit Limited ("**Far East**") at a consideration of HK$36,000,000. Far East holds a Yacht in Hong Kong.

In the opinion of the directors, the acquisition of a company did not constitute a business. Therefore, the transaction was determined by the directors of the Company to be acquisition of assets and liabilities through acquisition of a subsidiary rather than a business combination as defined in HKFRS 3.

Net identifiable assets and liabilities of the subsidiary acquired:

	HK$'000
Net assets and liabilities of Far East acquired:	
Property, plant and equipment *(Note 13)*	36,712
Bank balances	58
Trade and other payables	(770)
Net assets	36,000
Cash consideration paid	(36,000)
Bank balances acquired	58
Net cash outflow from acquisition of assets and liabilities through acquisition of a subsidiary	(35,942)

33. SHARE-BASED PAYMENT TRANSACTIONS

The Share Option Scheme of the Company was adopted pursuant to a resolution in writing of the sole shareholder passed on 7 March 2012. The purposes of the Share Option Scheme is to enable the Group to grant options to full-time or part-time employees, directors (whether executive or nonexecutive), suppliers, customers, joint venture partner, business associates and advisors (professional or otherwise) of the Group as incentives or rewards for their contribution to the Group. The Share Option Scheme became effective on 7 March 2012 (the "**Effective Date**") will remain in force for 10 years, subject to earlier termination by the directors and approved in advance by the shareholders in a general meeting. The Share Option Scheme shall be valid and effecting for a period commencing from the Effective Date.

33. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

At 31 March 2021, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 8,790,000 (2020: 9,790,000), representing 0.76% (2020: 0.82%) of the shares of the Company in issue at that date. The total number of shares of the Company available for issue under the Share Option Scheme must not in aggregate exceeds 30% of the issued share capital of the Company from time to time.

The maximum number of shares issuable upon exercise of the options which may be granted under the Share Option Scheme (including exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates (as defined under the Listing Rules), are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, (as defined under the Listing Rules) in excess of 0.1% of the shares of the Company in issue with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5,000,000, in the 12-month period up to and including the date of grant, are subject to shareholders' approval in a general meeting.

Options granted must be accepted in writing within 28 days from the date of grant upon payment of a nominal consideration of HK$1 by the grantee. The exercise period for the share options granted is determined by the directors of the Company, which period may commence from the date of acceptance of the offer for the grant of share options but shall end, in any event, not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's 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 Company's share on the date of grant.

33. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The following table sets out the movements in the Company's share options held by the employees of the Group during both years:

Date of grant	Exercisable period	Exercise price	Outstanding at 1.4.2019	Lapsed during the year	Outstanding at 31.3.2020	Lapsed during the year	Outstanding at 31.3.2021
		HK$					
Employees:							
28.1.2014	28.7.2015–27.7.2020	1.174	560,000	(128,000)	432,000	–	432,000
28.1.2014	28.7.2016–27.7.2020	1.174	1,040,000	(128,000)	912,000	–	912,000
28.1.2014	28.7.2017–27.7.2020	1.174	670,000	(128,000)	542,000	–	542,000
28.1.2014	28.7.2018–27.7.2020	1.174	2,160,000	(256,000)	1,904,000	–	1,904,000
26.1.2018	27.7.2019–27.7.2024	1.500	1,600,000	(400,000)	1,200,000	(200,000)	1,000,000
26.1.2018	27.7.2020–27.7.2024	1.500	1,600,000	(400,000)	1,200,000	(200,000)	1,000,000
26.1.2018	27.7.2021–27.7.2024	1.500	1,600,000	(400,000)	1,200,000	(200,000)	1,000,000
26.1.2018	27.7.2022–27.7.2024	1.500	3,200,000	(800,000)	2,400,000	(400,000)	2,000,000
			12,430,000	(2,640,000)	9,790,000	(1,000,000)	8,790,000

Note: The vesting period ends on the date when the exercisable period of the share options begins.

The Group recognised the share-based payments of HK$618,000 (2020: HK$457,000) for the year ended 31 March 2021 in relation to share options granted by the Company.

34. RETIREMENT BENEFITS PLAN

The Group participates in the MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of 5% of the relevant payroll costs, with maximum of HK$1,500 per employee per month, to the MPF Scheme, which contribution is matched by employees.

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

34. RETIREMENT BENEFITS PLAN (CONTINUED)

The total contribution to the retirement benefits schemes charged to the consolidated statement of profit or loss and other comprehensive income during the year is HK$2,251,000 (2020: HK$3,656,000).

35. COMMITMENTS

(i) Capital and other commitment

	2021 **HK$'000**	2020 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisitions of property, plant and equipment	**–**	289
Capital contributions to associates	**4,402**	4,780
	4,402	5,069

(ii) Operating leases

The Group as lessor

The Group leases its investment property under operating lease arrangement with a lease term of 30 months.

Fixed lease payments receivable on leases are as follows:

	2021 **HK$'000**	2020 HK$'000
Within one year	**378**	974
In the second year	**–**	487
	378	1,461

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Dividend payable *HK$'000*	Bank overdrafts *HK$'000*	Bank borrowings *HK$'000*	Lease liabilities *HK$'000*	Total *HK$'000*
At 1 April 2019	–	–	198,164	–	198,164
New leases entered	–	–	–	4,175	4,175
Financing cash flows	(32,237)	66,141	(40,000)	(1,097)	(7,193)
Dividend declared	32,237	–	–	–	32,237
Interest expenses	–	4,042	5,155	86	9,283
Exchange realignments	–	–	–	(19)	(19)
At 31 March 2020 and 1 April 2020	**–**	**70,183**	**163,319**	**3,145**	**236,647**
Financing cash flows	**–**	**(70,393)**	**(10,480)**	**(2,331)**	**(83,204)**
Interest expenses	**–**	**210**	**2,447**	**104**	**2,761**
Exchange realignments	**–**	**–**	**–**	**153**	**153**
At 31 March 2021	**–**	**–**	**155,286**	**1,071**	**156,357**

37. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts, which includes the bank borrowings and bank overdrafts disclosed in notes 28 and 25 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, other reserves and accumulated profits.

37. CAPITAL RISK MANAGEMENT (CONTINUED)

Management reviews the Group's capital structure regularly. The directors of the Company consider the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

38. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2021 ***HK$'000***	2020 *HK$'000*
Financial assets		
Financial assets at amortised cost	**244,500**	202,310
Debt instruments at FVTOCI	**823,104**	839,266
Equity instruments at FVTOCI	**22,661**	25,242
Financial assets at FVTPL	**130,870**	106,952
Financial liabilities		
Amortised cost	**254,003**	265,128

Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, amounts due from related parties, debt instruments at FVTOCI, equity instruments at FVTOCI, financial assets at FVTPL, pledged bank deposit, bank balances and cash, trade payables, bank overdrafts and bank borrowings.

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.

Management reviews and approves operation policies to ensure appropriate measures are implemented on a timely and effective manner to manage and monitor these risk exposures.

38. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Other price risk

For listed bond securities, the management monitors market price exposure and will consider hedging significant market price exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to other price risk on listed equity investment at the end of the reporting period. If the market bid price on such listed equity investment had been 5% higher or lower, the profit for the year would increase or decrease by HK$1,830,000 (2020: Nil) and FVTOCI reserve would increase or decrease by HK$992,000 (2020: HK$1,054,000) as a result of the change in fair value.

Interest rate risk

The Group is exposed to cash flow interest rate risk on its variable-rate bank balances, bank overdrafts and bank borrowings (see notes 25 and 28 for details of these balances). The Group currently does not have a policy on cash flow hedges of interest rate risk. However, interest rate risk is closely managed by management and they will consider hedging significant interest rate risk should the need arise.

The Group is also exposed to fair value interest rate risk on its fixed-rate listed bond securities and convertible bond which have fixed coupon interests (see notes 23 and 24 for details of these balances), and lease liabilities. Interest rate risk is closely managed by management and they will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to fair value interest rate risk on listed bond securities and convertible bond at the end of the reporting period. If the market bid price on such listed bond securities and convertible bond had been 5% higher or lower, the profit for the year would increase or decrease by HK$5,560,000 (2020: HK$5,348,000) and FVTOCI reserve would increase or decrease by HK$39,780,000 (2020: HK$41,541,000) as a result of the change in fair value.

38. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings and bank overdrafts. The analysis is prepared assuming that the amount of liabilities outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points increase or decrease represents management's assessment of the reasonable and possible change in interest rates. No sensitivity analysis is presented for bank balances as the directors of the Company considered the Group's exposure to cash flow interest rate risk is not material.

If the interest rates on floating-rate bank borrowings had increased or decreased by 50 basis points and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2021 would decrease/increase by HK$776,000 (2020: HK$975,000).

Foreign currency risk

The carrying amounts of the Group's monetary assets and liabilities denominated in currencies other than the respective group entities' functional currencies at the end of the reporting period are as follows:

	Assets		Liabilities	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
RMB	**14,555**	7,542	**250**	318
USD	**921,399**	841,261	**–**	70,183
SGD	**3,501**	8	**–**	–
GBP	**68**	68	**–**	–

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

38. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Foreign currency risk (Continued)

Sensitivity analysis (Continued)

The sensitivity analysis below details the Group's sensitivity to a 5% increase and decrease in HK$ against SGD and RMB. 5% is the sensitivity rate used which represents management's assessment of the reasonable and possible change in the foreign currency rate. The sensitivity analysis includes the Group's monetary assets and monetary liabilities denominated in SGD and RMB. A negative number indicates a decrease in post-tax profit for the year when HK$ strengthens 5% against SGD and RMB. For a 5% weakening of HK$ against SGD and RMB, there would be an equal but opposite impact on the post-tax profit for the year.

	2021	2020
	HK$'000	*HK$'000*
SGD	**(175)**	–
RMB	**(715)**	(302)

In the opinion of management, the sensitivity analysis is not representative of the inherent foreign currency risk as the year end exposures do not reflect the exposures during the year.

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, contract assets, bank balances, other receivables, amounts due from related parties, and debt instruments at FVTOCI. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and contract assets.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties failure to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group performed impairment assessment for financial assets and other items subject to ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below.

38. 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 frequently repays	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor regularly repays but usually settle in full after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – not 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

38. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table provides information about the exposure to credit risk for financial assets and contract assets, which are subject to ECL assessment:

	External credit rating	Internal credit rating	12-month ECL or lifetime ECL	Loss rate range 2021	2020	Gross carrying amount 2021 HK$'000	2020 HK$'000
Trade receivables	N/A	Low risk	Lifetime ECL (not credit impaired)	**0.01%–2.00%**	0.00%–2.00%	**59,216**	74,964
		Watch list	Lifetime ECL (not credit impaired)	**2.12%–30.62%**	2.00%–18.43%	**19,594**	6,538
		Loss	Lifetime ECL (credit impaired)	**100%**	100%	**63,932**	45,786
Contract assets	N/A	Low risk	Lifetime ECL (not credit impaired)	**0.01%–2.00%**	0.00%–2.00%	**–**	205
Debt instruments at FVTOCI	BB- to B+	N/A	12m ECL	**0.01%–3.98%**	0.01%–4.69%	**795,591**	842,086
Debt instruments at FVTOCI	N/A	Low risk	12m ECL	**3.98%**	4.69%	**27,513**	8,833
Amounts due from related parties	N/A	Low risk	12m ECL	**N/A**	N/A	**745**	12,148
Bank balances	BBB to A+	N/A	12m ECL	**N/A**	N/A	**151,738**	107,969
Other receivables	N/A	Low risk	12m ECL	**N/A**	N/A	**1,090**	1,155

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

38. 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 and credit approvals. Before accepting any new customer, the Group assesses the potential customer's credit quality with reference to credit ratings if applicable and defines credit limits of customer. Limits and credit ratings attributed to customers are reviewed periodically. As part of the Group's credit risk management, the Group also applies internal credit rating for its customers. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The Group performs impairment assessment under ECL model on trade receivables and contract assets individually. For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL.

The Group has concentration of credit risk as 4.8% (2020: 10.1%) of the total trade receivables was due from the Group's largest customer.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2019	4,878	57,688	62,566
(Reversal) Charge of impairment loss, net	(4,414)	26,184	21,770
Written-off	–	(38,086)	(38,086)
At 31 March 2020 and 1 April 2020	464	45,786	46,250
Impairment loss recognised, net	**4,802**	**4,827**	**9,629**
Written-off	**–**	**(202)**	**(202)**
At 31 March 2021	**5,266**	**50,411**	**55,677**

38. 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 (Continued)

During the year ended 31 March 2021, net impairment loss of HK$9,629,000 (2020: HK$21,770,000) was recognised in profit or loss for the Group's trade receivables, based on the individual assessment. Net impairment loss of HK$4,827,000 (2020: HK$26,184,000) was made on credit-impaired debtors.

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Financial assets at FVTPL

The Group invests in convertible bond with credit rating of B (2020: BB). The directors of the Company regularly review and monitor the portfolio of convertible bond. Details of the terms of the investment are disclosed in note 23. Summary of the fair value and principal amount of the convertible bond is set out below.

	2021		2020	
	Fair value	**Principal amount**	Fair value	Principal amount
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
B	**111,207**	**100,000**	106,952	100,000

38. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Debt instruments at FVTOCI

The Group assesses the credit risk of debt instruments at FVTOCI at the reporting date. The Group's debt instruments at FVTOCI mainly comprise listed bond securities that are graded by credit-rating agencies as per globally understood definitions and certain bonds without external credit rating are assessed by internal credit ratings. During the year ended 31 March 2021, ECL on debt instruments at FVTOCI amounting to HK$4,982,000 (2020: HK$2,551,000) was recognised in the profit or loss.

	12m ECL
	HK$'000
At 1 April 2019	9,102
Impairment loss recognised	2,551
At 31 March 2020	11,653
Impairment loss recognised	4,982
At 31 March 2021	**16,635**

Other receivables and amounts due from related parties

For other receivables and amounts due from related parties, the directors of the Company make periodic individual assessment on the recoverability of other receivables and amounts due from related parties based on the counterparties' financial background and creditability. 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 amounts due from related parties is 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 international 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. The directors of the Company considered that the 12m ECL on bank balances is insignificant and thus no loss allowance was recognised for the years ended 31 March 2021 and 2020.

38. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk

The Group maintains a level of cash and cash equivalents that it considers adequate to finance the Group's operations.

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 the financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayable on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other nonderivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest rates are floating rates, the interest payments (undiscounted) is calculated based on from interest rate prevailing at the end of the reporting period.

	Weighted average interest rate	Repayable on demand or within 1 year	Over one year but not more than five years	Total undiscounted cash flows	Carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2021					
Trade payables	**N/A**	**90,717**	**–**	**90,717**	**90,717**
Bank borrowings	**1.53**	**155,286**	**–**	**155,286**	**155,286**
Lease liabilities	**4.58**	**1,094**	**–**	**1,094**	**1,071**
		247,097	**–**	**247,097**	**247,074**
As at 31 March 2020					
Trade payables	N/A	31,626	–	31,626	31,626
Bank borrowings	2.19	163,319	–	163,319	163,319
Bank overdrafts	1.38	70,183	–	70,183	70,183
Lease liabilities	4.58	2,252	1,026	3,278	3,145
		267,380	1,026	268,406	268,273

38. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the "repayable on demand or within 1 year" time band in the above maturity analysis. As at 31 March 2021, the aggregate undiscounted principal amounts of these bank loans amounted to HK$155,286,000 (2020: HK$163,319,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid within 1-17 years (2020: 1-18 years) after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest payments amount to HK$176,160,000 (2020: HK$196,749,000).

For the purpose of managing liquidity risk, the management reviews the expected cash flow information of the Group's variable rate bank loans based on the scheduled repayment dates set out in the loan agreement as set out in the table below:

	Weighted average interest rate	Repayable on demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash flows	Total carrying amounts
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2021	**1.53**	**10,517**	**10,517**	**31,551**	**123,575**	**176,160**	**155,286**
As at 31 March 2020	2.19	11,313	11,071	33,212	141,153	196,749	163,319

38. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table provides information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair value as at 31 March		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to the fair value
	2021	2020				
	HK$'000	*HK$'000*				
Equity instruments at FVTOCI						
– Listed equity investments *(Note 18)*	**19,831**	21,089	Level 1	Quoted bid prices in the markets	N/A	N/A
– Unlisted equity investments in Hong Kong and the PRC *(Note 18)*	**2,830**	4,153	Level 3	Market approach was used to determine the fair values using price to net-book value ("**P/B**") ratio of selected comparable listed companies in a similar business and similar business model and adjusted for the lack of marketability.	The lack of marketability discount and the P/B ratio of selected comparable companies.	The higher the lack of marketability discount, the lower the fair value. The higher the P/B ratio, the higher the fair value.

38. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at 31 March		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to the fair value
	2021	2020				
	HK$'000	*HK$'000*				
Financial assets at FVTPL						
– Convertible bond *(Note 23)*	**111,207**	106,952	Level 3	Binomial option pricing model was used to determine the fair value using stock price, conversion price, time to maturity, risk-free rate, dividend yield and volatility (2020: Black-Scholes model with Trinomial Tree method).	Volatility	The higher the volatility, the higher the fair value.
– Unlisted investment funds *(Note 23)*	**19,663**	–	Level 3	Net asset value *(Note a)*	The lack of marketability discount	The higher the lack of marketability discount, the lower the fair value.
– Unlisted equity investment *(Note 23)*	**–**	–	Level 3	Net assets value *(Note b)*	N/A	N/A
– Listed equity investments *(Note 23)*	**36,600**	–	Level 1	Quoted bid prices in the markets	N/A	N/A
Debt instruments at FVTOCI						
– Listed bond securities *(Note 24)*	**795,591**	830,829	Level 2	Quoted prices by the brokers	N/A	N/A
– Unlisted fund securities *(Note 24)*	**27,513**	8,437	Level 3	Redemption price *(Note c)*	N/A	N/A

Notes:

(a) As at 31 March 2021, the fair value of the unlisted investment funds were stated with reference to the net asset value provided by the relevant administrators of the investment funds. The Group regularly reviews the valuations of the underlying investments held by respective investment funds to assess the appropriateness of the net asset values as provided by the fund administrators, and may make adjustments as they consider appropriate.

(b) The fair value of the unlisted equity investment was reference to the net asset value provided by the private entity.

(c) The fair value of unlisted fund securities was established by making reference to the redemption price quoted by respective fund managers.

There is no transfer amongst level 1, 2 and 3 for both years.

38. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Reconciliation of Level 3 fair value measurements

	Equity instruments at FVTOCI *HK$'000*	Financial assets at FVTPL *HK$'000*	Debt instruments at FVTOCI *HK$'000*	Financial products *(note)* *HK$'000*
At 31 March 2019	7,160	13,879	12,890	109,717
Purchases	–	100,000	9,990	224,228
On disposals or maturity	–	–	(13,075)	(332,467)
Fair value loss	(3,007)	(6,927)	(1,368)	–
Exchange realignment	–	–	–	(1,478)
At 31 March 2020 and 1 April 2020	4,153	106,952	8,437	–
Purchases	**–**	**19,663**	**15,500**	**138,084**
On disposals or maturity	**–**	**–**	**–**	**(138,084)**
Fair value (loss) gain	**(1,586)**	**4,255**	**3,576**	**–**
Exchange realignment	**263**	**–**	**–**	**–**
At 31 March 2021	**2,830**	**130,870**	**27,513**	**–**

Note: The Group's financial products were issued by banks in the PRC, with maturity and expected but not guaranteed returns, depending on the performance of its underlying investments, including foreign currencies or interest rate linked products, investment funds, bonds and debentures. As at 31 March 2020 and 2021, all of the Group's financial products had been matured and redeemed.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

39. PLEDGE OF ASSETS

	2021 **HK$'000**	2020 HK$'000
Owned properties	**592,147**	613,944
Investment property	**27,668**	26,645
	619,815	640,589

40. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had also entered into the following related party transactions:

	2021 **HK$'000**	2020 HK$'000
Financial public relations service income from Qingling Motors	**555**	1,496
Financial public relations service income from Hong Kong Chinese Enterprises Association *(Note 1)*	**126**	24
Salaries and allowances paid to related parties *(Note 2)*	**1,093**	1,499

Notes:

1. Mr. Liu Tianni, the controlling shareholder and director of the Company, has been a member of key management of Hong Kong Chinese Enterprises Association for both years.

2. These related parties are close family members of Mr. Liu Tianni, the controlling shareholder and director of the Company.

Compensation of key management personnel

The remuneration of directors and other member of key management during the year is as follows:

	2021 **HK$'000**	2020 HK$'000
Salaries and allowances	**7,606**	7,318
Performance related incentive payments	**1,345**	2,684
Retirement benefit scheme contributions	**72**	90
Share-based payments	**618**	1,216
	9,641	11,308

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries held by the Company at 31 March 2021 and 2020 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group as at 31 March		Principal activities
				2021 %	2020 %	
Alpha Financial Press Limited	Hong Kong, 17 December 2014	Hong Kong	USD1	**100**	100	Provision of financial printing services in Hong Kong
CapitalConnect Financial Singapore Pte. Ltd.	Singapore, 6 October 2015	Singapore	USD1	**100**	100	Property investment
Delta Consultancy Group Company Limited	BVI, 17 February 2005	Hong Kong	USD2	**100**	100	Property holding
Far East Rich Profit Limited	Hong Kong, 13 March 2017	Hong Kong	HK$1	**100**	–	Yacht holding
Fortunate Idea Holdings Limited	BVI, 13 February 2015	Hong Kong	USD1	**100**	100	Investment holding and securities investments
IR Global Roadshow Limited	BVI, 15 September 2010	Hong Kong	USD50,000	**100**	100	Organisation and coordination of international roadshows

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group as at 31 March 2021 %	2020 %	Principal activities
Shine Talent Holdings Limited*	BVI, 11 November 2010	Hong Kong	USD2	**100**	100	Investment holding
Wonderful Sky Financial Group Limited	Hong Kong, 1 August 2006	Hong Kong	HK$10,000	**100**	100	Provision of financial public relations services in Hong Kong
Wonderful Sky Strategic Investment Consulting (Beijing) Limited#	PRC, 13 September 2012	PRC	HK$5,000,000	**100**	100	Provision of financial public relations services in the PRC
Wonderful Sky Strategic Investment Consulting (Shenzhen) Limited#	PRC, 2 April 2020	PRC	HK$10,000	**100**	–	Provision of financial public relations services in the PRC

* Directly held by the Company

\# The company was established in the PRC in form of wholly foreign-owned enterprise.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities during the year and at the end of the year.

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 *HK$'000*	2020 *HK$'000*
Non-current assets		
Investments in subsidiaries	–	–
Amount due from a subsidiary	**358,758**	358,758
Equity instruments at FVTOCI	**19,831**	21,089
Financial assets at FVTPL	**130,870**	106,952
Debt instruments at FVTOCI	**233,871**	222,457
Club debenture	**12,200**	12,200
	755,530	721,456
Current assets		
Debt instruments at FVTOCI	**52,150**	205,597
Amounts due from subsidiaries	**628,612**	441,472
Bank balances and cash	**9,119**	4,743
	689,881	651,812
Current liabilities		
Other payables	**28,400**	499
Amounts due to subsidiaries	**572,002**	540,969
Taxation payable	**9,938**	2,111
Bank overdrafts	**–**	65,803
	610,340	609,382
Net current assets	**79,541**	42,430
Net assets	**835,071**	763,886
Capital and reserves		
Share capital	**11,515**	11,515
Reserves *(Note)*	**823,556**	752,371
Total equity	**835,071**	763,886

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

	Share premium *HK$'000*	Capital redemption reserve *HK$'000*	Share options reserve *HK$'000*	FVTOCI reserve *HK$'000*	Accumulated profits *HK$'000*	Total *HK$'000*
At 1 April 2019	728,383	(4,773)	3,165	(24,096)	102,616	805,295
Profit for the year	–	–	–	–	15,117	15,117
Net loss on debt instruments at FVTOCI	–	–	–	(12,024)	–	(12,024)
Impairment loss on debt instruments at FVTOCI included in profit or loss	–	–	–	111	–	111
Loss on change in fair value of equity instruments at FVTOCI	–	–	–	(7,739)	–	(7,739)
Other comprehensive expense for the year	–	–	–	(19,652)	–	(19,652)
Total comprehensive (expense) income for the year	–	–	–	(19,652)	15,117	(4,535)
Recognition of equity-settled share-based payments	–	–	457	–	–	457
Lapse of share options	–	–	(183)	–	183	–
Repurchase of ordinary shares	(16,582)	–	–	–	–	(16,582)
Transaction costs attributable to repurchase of ordinary shares	(27)	–	–	–	–	(27)
Dividend recognised as distribution *(Note 11)*	–	–	–	–	(32,237)	(32,237)
At 31 March 2020	711,774	(4,773)	3,439	(43,748)	85,679	752,371
At 1 April 2020	711,774	(4,773)	3,439	(43,748)	85,679	752,371
Profit for the year	**–**	**–**	**–**	**–**	**68,158**	**68,158**
Net gain on debt instruments at FVTOCI	**–**	**–**	**–**	**1,546**	**–**	**1,546**
Impairment loss on debt instruments at FVTOCI included in profit or loss	**–**	**–**	**–**	**2,121**	**–**	**2,121**
Loss on change in fair value of equity instruments at FVTOCI	**–**	**–**	**–**	**(1,258)**	**–**	**(1,258)**
Other comprehensive income for the year	**–**	**–**	**–**	**2,409**	**–**	**2,409**
Total comprehensive income for the year	**–**	**–**	**–**	**2,409**	**68,158**	**70,567**
Recognition of equity-settled share-based payments	**–**	**–**	**618**	**–**	**–**	**618**
Lapse of share options			**(497)**		**497**	**–**
At 31 March 2021	**711,774**	**(4,773)**	**3,560**	**(41,339)**	**154,334**	**823,556**