



## China Environmental Energy Investment Limited

中國環保能源投資有限公司\*

(Incorporated in Bermuda with limited liability)  
(Stock code: 986)



# 2021

ANNUAL  
REPORT

\*For identification purposes only

# Contents

	Pages
<b>CORPORATE INFORMATION</b>	2
<b>CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION &amp; ANALYSIS</b>	3
<b>CORPORATE GOVERNANCE REPORT</b>	8
<b>ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT</b>	22
<b>REPORT OF THE DIRECTORS</b>	44
<b>INDEPENDENT AUDITOR'S REPORT</b>	53
<b>AUDITED CONSOLIDATED FINANCIAL STATEMENTS</b>	
Consolidated:	
Statement of profit or loss and other comprehensive income	60
Statement of financial position	61
Statement of changes in equity	63
Statement of cash flows	64
Notes to consolidated financial statements	66

*This Annual Report, in both English and Chinese versions, is available on the Company's website at [www.986.com.hk](http://www.986.com.hk). Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the corporate communications of the Company (the "Corporate Communications").*

*Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Company's Hong Kong Branch Share Registrar and Transfer Office, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.*

*Shareholders who have chosen to receive the Corporate Communications in either English or Chinese version will receive both English and Chinese versions of this Annual Report since both languages are bound together into one booklet.*

# Corporate Information

## Executive Directors

Ms. Zhou Yaying (*Chairman*)  
Mr. Wei Liang (*Chief Executive Officer*)  
Ms. Hong Jingjuan (retired on 29 September 2020)  
Mr. Tang Wing Cheung Louis

## Independent Non-executive Directors

Mr. Tse Kwong Chan  
Mr. Yiu To Wa  
Mr. Lau Leong Yuen  
Mr. Hong Hui Lung (appointed on 22 February 2021)

## Company Secretary

Mr. Chan Kin Ming

## Audit Committee

Mr. Yiu To Wa (*Chairman*)  
Mr. Tse Kwong Chan  
Mr. Lau Leong Yuen  
Mr. Hong Hui Lung (appointed on 22 February 2021)

## Remuneration Committee

Mr. Tse Kwong Chan (*Chairman*)  
Ms. Zhou Yaying  
Mr. Lau Leong Yuen

## Nomination Committee

Mr. Yiu To Wa (*Chairman*)  
Ms. Zhou Yaying  
Mr. Tse Kwong Chan

## Auditor

McMillan Woods (Hong Kong) CPA Limited  
3/F., Winbase Centre  
208 Queen's Road Central  
Hong Kong

## Legal Advisor

H.Y. Leung & Co. LLP Solicitors  
22/F., Infinitus Plaza  
199 Des Voeux Road Central  
Hong Kong

## Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## Head Office and Principal Place of Business

Room 910, 9/F., Harbour Centre  
25 Harbour Road, Wanchai  
Hong Kong

## Principal Bankers

China Construction Bank (Asia) Corporation Limited  
Industrial and Commercial Bank of China Limited  
CMB Wing Lung Bank Limited

## Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited  
4th Floor, North Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

## Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited  
Suites 3301-04, 33/F.  
Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

## Website

<http://www.986.com.hk>

## Stock Code

986

# Chairman's Statement and Management Discussion & Analysis

I would like to report to the shareholders the annual results of China Environmental Energy Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2021.

## FINANCIAL REVIEW

For the year ended 31 March 2021, the Group's revenue from continuing operations was approximately HK\$105.65 million (2020: approximately HK\$90.54 million), representing an increase of approximately HK\$15.11 million or 16.68% as compared with last year. The revenue included approximately HK\$86.89 million (2020: approximately HK\$77.20 million) from design, original equipment manufacturing ("OEM") and marketing of jewelry (the "Design, OEM and Marketing of Jewelry") business and approximately HK\$18.76 million (2020: approximately HK\$13.34 million) from provision of loans as money lending (the "Money Lending") business.

Gross profit from continuing operations was approximately HK\$23.51 million (2020: approximately HK\$20.73 million), representing an increase of approximately HK\$2.78 million or 13.41% as compared with last year. The slightly increase in gross profit consist of the increase in gross profit in Money Lending business due to the high demand in the COVID-19 situation and offset with the decrease in gross profit in the Design, OEM and Marketing of Jewelry business due to the lower profit margin in the severe outbreak of COVID-19 since January 2020.

Gross profit margin from continuing operations of the Group was decreased from approximately 22.89% to 22.25%. The decrease in gross profit margin of 2021 as compared with 2020 was due to the combination of revenue and gross profit in different businesses: i.e. the high profit margin of Money Lending business and the low profit margin of Design, OEM and Marketing of Jewelry business.

The profit for the year of the Group was approximately HK\$4.45 million. The loss from continuing operations and the loss from discontinued operation were approximately HK\$27.82 million and HK\$1.59 million, respectively, for the year ended 31 March 2020.

The turn to profit from continuing operations was mainly due to, including but not limited to (a) no fair value loss on financial assets at fair value through profit or loss in the year whereas loss of approximately HK\$12.15 million in the last year; (b) reversal of expected credit losses on loan and interest receivables was approximately HK\$8.83 million whereas losses was approximately HK\$13.88 million in the last year; (c) offset the share options granted during the year, the equity-settled share-based payment expense was approximately HK\$2.20 million whereas no share option was granted in the last year; and (d) offset the impairment of goodwill of Design, OEM and Marketing of Jewelry business of approximately HK\$2.41 million during the year.

Selling, distribution and administrative expenses from continuing operations were approximately HK\$23.31 million (2020: approximately HK\$19.78 million), representing an increase of HK\$3.53 million or approximately 17.85% as compared with last year due to (i) approximately HK\$2.20 million equity-settled share-based payment expense in relation to the share options granted during the year whereas no share options were granted in the last year and (ii) increase of approximately HK\$4.80 million promotion and marketing expenses to boost the sales during the serve outbreak of COVID-19.

### FINANCIAL REVIEW (continued)

The finance costs from continuing operations amounted to approximately HK\$1.26 million, representing a slightly increase of approximately HK\$0.15 million as compared to approximately HK\$1.11 million of the last year.

For the year ended 31 March 2021, the Group was principally engaged in the businesses of OEM and Marketing of Jewelry and Money Lending.

#### Design, OEM and Marketing of Jewelry business

During the year, the revenue generated from the Design, OEM and Marketing of Jewelry business was approximately HK\$86.89 million (2020: approximately HK\$77.20 million). Operating loss before tax and impairment loss on goodwill was approximately HK\$3.38 million (2020: operating profit before tax and impairment loss on goodwill was approximately HK\$5.31 million).

Since severe outbreak of COVID-19 from January 2020, various regions were under extensive lockdown and various levels of restrictions on public and business activities. The implementation of social distancing and quarantine measures in many countries worldwide have dampened consumer sentiment and brought the international tourism to a standstill, plunging the global economy into recession.

According to the statistics from Hong Kong Census and Statistics Department, retail sales of the jewellery, watches and clocks, and valuable gifts category in Hong Kong has decreased approximately 11% and 38% for 6 months and 12 months ended 31 March 2021, respectively, when comparing with 2020. The economy has been recovered since September 2020 in Hong Kong. The revenue of Design, OEM and Marketing of Jewelry business was also increased gradually since September 2020.

In light of vaccine rollouts, control of the COVID-19 pandemic is expected in the future, which in turn will boost consumption sentiment. The Directors believe this business segment will rebound quickly once border shutdowns are lifted as the pandemic eases.

#### Money Lending business

During the year, Great Luck Finance Limited ("Great Luck"), an indirect wholly-owned subsidiary, was principally engaged in the money lending business in Hong Kong. Great Luck is a company holding a money lender's license under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

As at 31 March 2021, Great Luck had made loans to certain borrowers amounting to approximately HK\$220.67 million (2020: approximately HK\$156.57 million) in total at the average interest rate of 8.60% (2020: 10.64%) per annum. During the year, interest income from money lending was approximately HK\$18.76 million (2020: approximately HK\$13.34 million). In view of the increasing demand in money lending in Hong Kong, the Group will proactively expand such business as the Directors believe that it will provide steady interest income for the Group and has been one of the focal businesses of the Group. In addition, the external gross profit of Money Lending business is almost 100% because the funding of loan is from internal resource of the Group.



### SIGNIFICANT INVESTMENTS

As at 31 March 2021, the market value of the equity securities (the "Listed Equities") listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") held by the Group was approximately HK\$23.08 million (2020: HK\$18.69 million) which were classified as financial assets at fair value through other comprehensive income. There was no investment in an investee company with a value of 5% or more of the Group's total assets as at 31 March 2021 and 2020.

During the year under review, the Group's Listed Equities recorded a fair value gain of approximately HK\$4.39 million (2020: a fair value loss of approximately HK\$4.84 million).

The future value of Listed Equities may be affected by the degree of volatility in Hong Kong stock market and susceptible to other external factors that may affect their values. The Group will continue to adopt a diversified investment strategy and monitor the performance of the Group's investments with reference to the advice from investment professionals to achieve better shareholders' return.

### MATERIAL ACQUISITION AND DISPOSAL

The Company did not have any significant acquisition and disposal during the year ended 31 March 2021.

### OUTLOOK

The Directors will continue to enhance the Group's businesses through review of its existing business portfolio from time to time and also seek suitable investment opportunities in the long run so as to broaden the source of income of the Group and diversify the Group's business portfolio on an on-going basis.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the Group's net current assets were approximately HK\$133.82 million (2020: approximately HK\$234.11 million), including cash and cash equivalents of approximately HK\$1.53 million (2020: approximately HK\$7.43 million). Total interest-bearing borrowings amounted to approximately HK\$25.15 million as at 31 March 2021 (2020: approximately HK\$15.15 million). The Group's gearing ratio, which was net debt divided by total equity plus net debt, as at 31 March 2021 was 6.36% (2020: 2.81%).

### SHARE CAPITAL AND CAPITAL STRUCTURE

During the year ended 31 March 2021, 59,056,660 share options were granted under the share option scheme of the Company, of which 5,905,666 share options were granted to the director of the Company and 53,150,994 share options were granted to employees.

Save as disclosed above, there was no other change in the share capital and capital structure of the Company during the year ended 31 March 2021.

## **FOREIGN EXCHANGE EXPOSURE**

The Group mainly operates in Hong Kong and Mainland China. Most transactions, assets and liabilities are denominated in Hong Kong Dollars, United States dollars ("USD") and Renminbi. As Hong Kong dollars are pegged to USD, the management does not expect that the Group has significant foreign exchange exposure to USD. During the year ended 31 March 2021, the Group did not enter into any derivative contracts aimed at minimising exchange rate risks, but the Group will continue to review its foreign exchange exposure regularly and might consider using financial instruments to hedge against foreign exchange exposure at appropriate times.

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 31 March 2021 and 2020.

## **CAPITAL COMMITMENTS**

The Group had no material capital commitments authorised but not provided for as at 31 March 2021 and 2020.

## **PLEDGE OF ASSETS**

The Group did not have any pledge on its assets as at 31 March 2021 and 2020.

## **DIVIDEND**

No dividend for the year ended 31 March 2021 (2020: Nil) is recommended by the Board.

## **EVENTS AFTER THE REPORTING PERIOD**

On 16 June 2021, the Company proposed to raise up to approximately HK\$62.46 million on the basis of one rights share for every one share of HK\$0.10 each in the share capital of the Company by issuing 624,637,750 rights shares at the subscription price of HK\$0.10 per rights share. The rights issue is subject to the approval of the independent shareholders of the Company at the special general meeting by way of poll.

## **EMPLOYMENT AND REMUNERATION POLICY**

During the year under review, the Group continued to strengthen its staff quality through staff development and training programmes. The Group had 30 employees as at 31 March 2021 (2020: 47). Remunerations are commensurate with the nature of job, staff experience and market conditions.

## Chairman's Statement and Management Discussion & Analysis

### APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to all management and staff for their diligence and continuing support.

ON BEHALF OF THE BOARD

**Ms. Zhou Yaying**

*Chairman*

Hong Kong, 30 June 2021



# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of corporate governance in maintaining its corporate transparency and accountability. The Board sets appropriate policies and implements corporate governance practices in accordance with the needs of the Group's business.

The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

In the opinion of the Board, during the year ended 31 March 2021, the Company has complied with the code provisions set out in the CG Code, except for the code provisions A.4.1. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviations are summarized below.

### A. THE BOARD

#### A1. Responsibilities and Delegation

The Board is responsible for the leadership, control and management of the Company and oversees the Group's business, strategic decisions and performances in the attainment of the objectives of ensuring effective functioning and growth of the Group and enhancing value to investors. All the directors carry out their duties in good faith and act in the interests of the Group.

All directors have timely access to all relevant information as well as the advices and services of the Company Secretary and management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

The Executive Committee and the management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. The Board has the full support of the management to discharge its responsibilities.

**A. THE BOARD** (continued)

**A2. Board Composition**

The Board currently comprises the following directors:

Executive directors:

Ms. Zhou Yaying (*Chairman of the Board, member of the Executive Committee, Remuneration Committee and Nomination Committee*)

Mr. Wei Liang (*Chief Executive Officer and member of the Executive Committee*)

Ms. Hong Jingjuan (*Member of the Executive Committee*)(retired on 29 September 2020)

Mr. Tang Wing Cheung Louis (*Member of the Executive Committee*)

Independent non-executive directors:

Mr. Yiu To Wa (*Chairman of both the Audit Committee and Nomination Committee*)

Mr. Tse Kwong Chan (*Chairman of the Remuneration Committee, member of the Audit Committee and Nomination Committee*)

Mr. Lau Leong Yuen (*Member of the Audit Committee and Remuneration Committee*)

Mr. Hong Hui Lung (*Member of the Audit Committee*)(appointed on 22 February 2021)

Throughout the year ended 31 March 2021, the Board has met the requirements of Listing Rules 3.10 and 3.10A of having at least three independent non-executive directors (representing at least one third of the Board) with one of them possessing appropriate professional qualifications and accounting and related financial management expertise.

The members of the Board have skills and experience appropriate for the business requirements and objectives of the Group. The independent non-executive directors bring different business and financial expertise, experience and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participating in Board meetings and taking the lead in managing issues involving potential conflict of interests, the independent non-executive directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

The Company also recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board will take into account a number of measurable objectives to achieve its diversity, including but not limited to gender, age, cultural and educational background, or professional experience. Such objectives, if any, will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

The biographical details of the directors of the Company are set out under the section headed “Brief Biographical Details in respect of Directors and Senior Management” in this annual report. None of the members of the Board is related to one another.

The Company has received written annual confirmation from each independent non-executive director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in light of the independence guidelines set out in the Listing Rules.

### A. THE BOARD (continued)

#### A3. Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Bye-laws (the "Bye-laws"). According to the Bye-laws, one-third of the directors for the time being (if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting provided that every director shall be subject to retirement at an annual general meeting at least once every three years. In addition, any new director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the first general meeting after appointment. The retiring directors are eligible for re-election by the shareholders at the respective general meetings.

Code provision A.4.1 of the CG Code stipulates that non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. An independent non-executive director of the Company, namely Mr. Tse Kwong Chan, is not appointed for a specific term. However, all of the Company's independent non-executive directors are subject to retirement by rotation and re-election by shareholders at the annual general meeting pursuant to the Bye-laws provisions as mentioned above. Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

#### A4. Induction and Continuing Development for Directors

Each newly appointed director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and relevant legal and regulatory requirements.

All the directors understood the importance of continuous professional development and were committed to participating in any suitable training or reading relevant materials in order to maintain and enhance their knowledge and skills. They are continually updated with legal and regulatory developments, and the business and market changes to refresh their knowledge and to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors are arranged whenever necessary. In addition, reading materials on new or changes to salient laws and regulations applicable to the Group are provided to directors from time to time for their studying and reference.

## Corporate Governance Report

### A. THE BOARD (continued)

#### A4. Induction and Continuing Development for Directors (continued)

During the year ended 31 March 2021, pursuant to code provision A.6.5 of the CG Code, all directors received regular briefings and updates from the Company Secretary on the Group's business, operations and corporate governance and compliance matters; and read publications, journals, books and other reading materials in relation to regulatory updates, financial reporting and corporate management. All Directors confirmed that they have complied with the CG code provision A.6.5. A summary of the trainings relating to corporate governance and regulatory updates received by the directors for the year ended 31 March 2021 is as follows:

Name of directors	Attending training/ seminars	Reading relevant materials
<i>Executive directors</i>		
Ms. Zhou Yaying	✓	✓
Mr. Wei Liang	✓	✓
Ms. Hong Jingjuan (retired on 29 September 2020)	✓	✓
Mr. Tang Wing Cheung Louis	✓	✓
<i>Independent non-executive directors</i>		
Mr. Tse Kwong Chan	✓	✓
Mr. Yiu To Wa	✓	✓
Mr. Lau Leong Yuen	✓	✓
Mr. Hong Hui Lung (appointed on 22 February 2021)	✓	✓

#### A5. Directors' Attendance Records

The attendance records of each director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 March 2021 are set out below:

Name of Director	Attendance/Number of Meetings					
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting	Special General Meeting
<i>Executive directors:</i>						
Ms. Zhou Yaying	18/18	N/A	2/2	2/2	1/1	N/A
Mr. Wei Liang	17/18	N/A	N/A	N/A	1/1	N/A
Ms. Hong Jingjuan (retired on 29 September 2020)	11/12	N/A	N/A	N/A	1/1	N/A
Mr. Tang Wing Cheung Louis	18/18	N/A	N/A	N/A	1/1	N/A
<i>Independent non-executive directors:</i>						
Mr. Tse Kwong Chan	17/18	3/3	2/2	2/2	1/1	N/A
Mr. Yiu To Wa	18/18	3/3	N/A	2/2	1/1	N/A
Mr. Lau Leong Yuen	18/18	3/3	2/2	N/A	1/1	N/A
Mr. Hong Hui Lung (appointed on 22 February 2021)	2/2	1/1	N/A	N/A	N/A	N/A

In addition, the Chairman of the Board held a meeting with the independent non-executive directors without the presence of executive directors during the year under review.

### A. THE BOARD (continued)

#### A6. Model Code for Securities Transactions

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

The Company has also established written guidelines on terms no less exacting than the Model Code (the “Employees Written Guidelines”) for securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Where the Company is aware of any restricted period for dealings in the Company’s securities, the Company will notify its directors and relevant employees in advance.

#### A7. Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the CG Code.

During the year under review, the Board has (i) reviewed and developed the Company’s corporate governance policies and practices, (ii) reviewed and monitored the training and continuous professional development of the directors and management, (iii) reviewed and monitored the Company’s policies and practices on compliance with legal and regulatory requirements, (iv) reviewed and monitored the compliance of the Own Code and the Employees Written Guidelines, and (v) reviewed the Company’s compliance with the CG Code and disclosure in the Corporate Governance Report.

#### A8. Directors’ Insurance

The Company has arranged appropriate insurance cover in respect of the legal action against the directors.

#### A9. Board Diversity Policy

The Board adopted a board diversity policy which aims to set out the approach to achieve diversity on the Board. The Company aims to build and maintain a Board with a diversity of Directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender appropriate for the requirements of the business development of the Group.

### B. BOARD COMMITTEES

The Board has four Board committees, namely, the Executive Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the Company's website (except for the written terms of reference of the Executive Committee which is available to shareholders upon request). All the Board committees should report to the Board on their decisions or recommendations made.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

#### B1. Executive Committee

The Executive Committee currently comprises all the executive directors of the Company with the Chairman of the Board, Ms. Zhou Yaying, acting as the chairman of such Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decisions. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

#### B2. Remuneration Committee

The Remuneration Committee currently comprises a total of three members, being Ms. Zhou Yaying, the Company's executive director, Mr. Tse Kwong Chan and Mr. Lau Leong Yuen, the Company's independent non-executive directors. The majority of the Remuneration Committee members are independent non-executive directors. The chairman of the Remuneration Committee is Mr. Tse Kwong Chan.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure, the remuneration packages of executive directors and members of senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code is adopted) and the remuneration of non-executive directors. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

During the year under review, the Remuneration Committee has performed the following major works: (i) reviewed the remuneration policy and structure of the Group and made recommendation to the Board; (ii) reviewed the remuneration packages of the directors and management; and (iii) considered and recommended to the Board on the remuneration package for Mr. Hong Hui Lung upon his appointment as an independent non-executive director of the Company.



## **B. BOARD COMMITTEES** (continued)

### **B2. Remuneration Committee** (continued)

The attendance records of each Committee member at the two Remuneration Committee meetings held during the year ended 31 March 2021 are set out in section A5 above.

Details of the remuneration of each director of the Company for the year ended 31 March 2021 are set out in note 15 to the consolidated financial statements contained in this annual report.

### **B3. Audit Committee**

The Audit Committee currently comprises a total of four members, being the four existing independent non-executive directors, namely Mr. Yiu To Wa, Mr. Tse Kwong Chan, Mr. Lau Leong Yuen and Mr. Hong Hui Lung. The chairman of the Audit Committee is Mr. Yiu To Wa. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

During the year under review, the Audit Committee has performed the following major works:

- Reviewed and discussed the annual financial statements, results announcement and report for the year ended 31 March 2020, the related accounting principles and practices adopted by the Group and the relevant audit findings, and the major audit issues reported by the auditor before submission to the Board.
- Reviewed and discussed the interim financial statements, results announcement and report for the six months ended 30 September 2020, and the related accounting principles and practices adopted by the Group.
- Reviewed the relationship with the external auditor by reference to the work performed by the auditor, audit fees and terms of engagement, and make recommendation to the Board on the re-appointment of external auditor.
- Reviewed the internal control and risk management matters and internal audit function of the Group, and made recommendation to the Board.
- Discussed the appointment of McMillan Woods (Hong Kong) CPA Limited to fill the vacancy left by the resignation of CHENG & CHENG LIMITED during the year ended 31 March 2021, and made recommendation to the Board.

The attendance records of each Committee member at the three Audit Committee meetings held during the year ended 31 March 2021 are set out in section A5 above.

**B. BOARD COMMITTEES** (continued)

**B3. Audit Committee** (continued)

The Audit Committee met regularly with the Company's external auditor to discuss issues arising from the audit and financial reporting matters.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

**B4. Nomination Committee**

The Nomination Committee currently comprises a total of three members, being Ms. Zhou Yaying, the Company's executive director, Mr. Yiu To Wa and Mr. Tse Kwong Chan, the Company's independent non-executive directors. The majority of the Nomination Committee members are independent non-executive directors. The chairman of the Nomination Committee is Mr. Yiu To Wa.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and recommending any changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular, the Chairman and the Chief Executive Officer of the Company.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to carry out his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

During the year under review, the Nomination Committee has performed the following major works: (i) reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group; (ii) made recommendation to the Board on the re-election of the retiring directors at the 2020 annual general meeting; (iii) assessed the independence of all the Company's independent non-executive directors; and (iv) appointment of Mr. Hong Hui Lung as an independent non-executive director.

The attendance records of each Committee member at the two Nomination Committee meetings held during the year ended 31 March 2021 are set out in section A5 above.

## C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2021.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

## D. RISK MANAGEMENT AND INTERNAL CONTROLS

Risk management forms part of management's core responsibility and is an integral part of the internal control of the Group.

The Board acknowledges its responsibility for risk management and internal control systems to safeguard the Group's assets and stakeholders' interests, as well as to provide reliable financial information for internal and external use together with compliance of applicable laws, rules and regulations. The Board also acknowledges its responsibility for reviewing the effectiveness of such systems on an ongoing basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

### Risk management framework

The Group's risk management and internal control systems are designed to manage and mitigate risks, rather than eliminate risks. Risk assessment and internal control management is a critical focus for all levels, including but not limited to financial, operational and compliance controls.

The Group's risk management framework and principles are applied through a hybrid of top-down and bottom-up processes. The top-down risk assessment process captures management's perspective of risks across strategic horizons, while the bottom-up process involves the identification of risks at all operating and supporting functions areas. Results from the two risk assessments are consolidated to give a broader understanding of the Group's consolidated risk profile.

### Risk management process

The risk management and internal control process involves identification, assessment, internal control, mitigation and monitoring as follows:

#### 1. Identification

It identifies the potential risks or opportunities that may arise.

## D. RISK MANAGEMENT AND INTERNAL CONTROLS (continued)

### Risk management process (continued)

#### 2. Assessment

It follows events identification and precedes risk response. Its purpose is to assess how the risks are, both individually and collectively, in order to draw management's attention to the most important threats and opportunities, and to lay the groundwork for risk response.

#### 3. Internal control

It is decided on a course of action to address the risks identified, to ensure that an issue may not be developed, where the potential threat is realised. The Group's internal control system includes policies and procedures covering compliance controls, project development, business control, financial reporting, budgeting and human resources system to enhance the risk awareness culture as well as the effectiveness in handling risks that have been identified and assessed.

#### 4. Mitigation and monitoring

Mitigation and monitoring processes ensure appropriate risk responses and controls are in place, and are reviewed yearly by the Board and Audit Committee.

All levels of management work together to maintain and improve risk management and internal control framework that lowers risks to an acceptance level and assist the Group in achieving its goals and objectives.

### Review of risk management & internal control systems

The Group also engaged external consultants to carry out an annual independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational and compliance controls together with recommendations submitted to the Audit Committee for their consideration in order to improve the effectiveness of the systems.

The Board, through its review and the review made by risk management and internal control function and Audit Committee of the Company, concluded that the risk management and internal control systems for the year ended 31 March 2021 were effective and adequate, covering the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit and financial reporting functions.

Regarding the handling and dissemination of inside information, the Group has practice policy in place.

## E. COMPANY SECRETARY

The company secretary has complied with Rule 3.29 of the Listing Rules by taking relevant professional training during the year under review.

## F. DIVIDEND POLICY

The Company in general meeting may from time to time declare dividends in any currency to be paid to the shareholders of the Company but no dividend shall be declared in excess of the amount recommended by the Board and the Board may from time to time pay to the shareholders such interim dividends as appear to the Board to be justified by the profits of the Company, in accordance with the provision of the memorandum of association and Bye-laws of the Company and the Companies Act 1981 of Bermuda (as amended from time to time) (the “Companies Act 1981”).

In accordance with the applicable requirements of the Bye-laws and the Companies Act 1981, the Company shall not declare or pay a dividend, or make a distribution out of profits available for distribution if:

- (a) it would render the Company unable to pay its liabilities as they become due; or
- (b) the realisable value of the Company’s assets would thereby become less than its liabilities.

In addition to cash, dividends may be distributed in the form of shares. The Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient.

In respect of any dividend that the Board or the Company in general meeting has resolved that such to be paid or declared on any class of the share capital of the Company, the Board may further resolve either:

- (i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment; or
- (ii) that the shareholders entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

The declaration of dividends is subject to the discretion of the Board, which will take into account, inter alia, the following factors when considering the payment or declaration of dividends:

- (a) the Group’s actual and expected operations, financial performance and conditions and liquidity position;
- (b) the shareholders’ interests;

## F. DIVIDEND POLICY (continued)

- (c) the retained earnings and distributable reserves of the Company and each of the members of the Group;
- (d) any restrictions on payment of dividends that may be imposed by the Group's lenders;
- (e) the Group's expected working capital requirements and future expansion plans;
- (f) statutory and regulatory restrictions;
- (g) general economic conditions and other internal or external factors that may have any impact on the business or financial performance and position of the Company; and
- (h) any other factors that the Board deems appropriate.

The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. The Board will continue to review the dividend policy and reserve the right in its sole and absolute discretion to update, amend and/or modify the dividend policy from time to time, and the dividend policy shall in no way constitute an assurance or a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend in any particular amount for any given period.

## G. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 March 2021 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to the Company's external auditor, in respect of audit services and non-audit services for the year ended 31 March 2021 are analysed below:

<b>Type of services provided by the external auditor</b>	<b>Fees paid/payable</b> HK\$
Audit services	580,000
Non-audit services	—
	<hr/>
	580,000
	<hr/>



## H. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables shareholders and investors to make the best investment decision.

The Company maintains a website at [www.986.com.hk](http://www.986.com.hk), as a communication platform with shareholders and investors, where information and updates on the Company's financial information and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: Room 910, 9/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong  
Fax no.: (852) 2536 0289

Inquiries are dealt with in an informative and timely manner.

Besides, shareholders' meetings provide an opportunity for communication between the Board and the shareholders. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

## I. SHAREHOLDER RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. The Company's shareholders may convene a special general meeting or put forward proposals at shareholders' meetings pursuant to the Companies Act 1981 of Bermuda and the Bye-laws as follows:

- (1) Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the Board to convene a special general meeting pursuant to Bye-law 58 of the Bye-laws by sending a written requisition to the Board or the Company Secretary at the Company's principal place of business in Hong Kong. The objects of the meeting must be stated in the written requisition.
- (2) Shareholder(s) representing not less than one-twentieth of the total voting rights at the date of the requisition or not less than 100 shareholders may put forward a proposal at a shareholders' meeting, pursuant to the Companies Act 1981 of Bermuda, by sending a written requisition to the Board or the Company Secretary at the Company's registered office/principal place of business in Hong Kong. The proposal should be stated in the written requisition and such written requisition should be submitted as early as practicable to enable the Company to make necessary arrangement (in case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and in case of any other requisition, not less than one week before the meeting).

**I. SHAREHOLDER RIGHTS** (continued)

- (3) If a shareholder wishes to propose a person other than a retiring director for election as a director of the Company at a general meeting, the shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's principal place of business in Hong Kong, or the office of the Company's branch share registrar at least 7 days prior to the date of the general meeting. Where the notices are submitted after the dispatch of the notice of the general meeting, the period for lodgement of such notices should commence on the day after the dispatch of the notice of such general meeting and end no later than 7 days prior to the date of such general meeting.

For the avoidance of doubt, shareholder(s) must provide their full name, contact details and identification, in the original signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of shareholder(s) may be disclosed as required by law.

During the year under review, the Company has not made any changes to the Bye-laws. An up-to-date version of the Bye-laws is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the Bye-laws for further details of their rights.

All resolutions put forward at shareholders' meetings of listed issuers shall be voted by poll pursuant to the Listing Rules. The poll voting results shall be posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.986.com.hk](http://www.986.com.hk)) after a shareholders' meeting.

# Environmental, Social and Governance Report

## INTRODUCTION, ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

China Environmental Energy Investment Limited (the “Company”, together with its subsidiaries, “the Group”) is principally engaged in design, original equipment manufacturing (“OEM”) and marketing of jewellery and money lending businesses.

This Environmental, Social and Governance Report (the “ESG Report”) summarizes the environmental, social and governance (“ESG”) initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

The Group adheres to the management policies of sustainable ESG development. The Group is also committed to handling the Group’s ESG affairs effectively and responsibly, which is integrated as one of the core components of its business strategy as the Group believes that this is the key to its continuous success in the future.

### The ESG Governance Structure

The Group has established the ESG Taskforce (the “Taskforce”). The Taskforce comprises core members from different departments and is responsible for collecting relevant information on the Group’s ESG aspects for preparing the ESG Report. The Taskforce reports to the board of directors (the “Board”), assists in identifying and evaluating the Group’s ESG risks and the effectiveness of the internal control mechanisms. The Taskforce also examines and evaluates the Group’s performances in different aspects such as environment, health and safety, labour standards and product responsibilities in the ESG aspects. The Board sets up a general direction for the Group’s ESG strategies, ensuring the effectiveness in the control of ESG risks and internal control mechanisms.

## SCOPE OF REPORTING

Unless specified otherwise, the ESG Report covers the Group’s two operating segments, which are also reported in the Group’s Annual Report 2021, including the design, OEM and marketing of jewellery as well as money lending businesses which are operating in a Hong Kong retail shop and a Hong Kong office. The ESG Report focuses on the Group’s policies, compliance issues as well as environmental key performance indicators (“KPIs”) in two subject areas, namely, Environmental and Social of the above segments under the Group’s operations. The Group will continue to expand the scope of disclosure in the future when the Group’s data collection system become more mature and the sustainable development work is enhanced.

## REPORTING FRAMEWORK

The ESG Report has been prepared in compliance with all applicable provisions set out in the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) contained in Appendix 27 to the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

For the Group’s corporate governance practices, please refer to the section of “Corporate Governance Report” contained in this Annual Report.

## Environmental, Social and Governance Report

### REPORTING PERIOD

The ESG Report describes the ESG activities, challenges and measures taken by the Group for the year ended 31 March 2021 (“2021”).

### STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their views related to its business and ESG issues. In order to understand and address stakeholders’ concerns, the Group has been maintaining close communication with its stakeholders through a variety of engagement channels. In formulating operational strategies and ESG measures, the Group takes into account stakeholders’ expectations and strives to improve its performance through mutual cooperation to create greater value for society.

Stakeholders	Expectations and Concerns	Engagement channels
<b>Internal Stakeholders</b>		
The Board	Financial performance Operational sustainability	Internal announcements and publications Board meeting
Management	Health and safety of working environment Operational sustainability	Internal announcements and publications Direct email
Employees	Staff salary and benefits Health and safety of working environment Training and development Career development	Suggestion boxes Regular performance reviews and interviews Internal announcements and publications Training
<b>External Stakeholders</b>		
Investors/ Shareholders	Corporate governance Return on investment Business compliance	Annual general meeting Financial reports Announcements and circulars
Government/ Regulatory Bodies	Compliance with laws and regulations Stability in business operations Support for local economic growth	Regular communication with authorities Press releases and announcements Written or electronic correspondences
Suppliers	Engagement and cooperation Business meetings and discussion Site visits	Supplier management meetings and events Supplier on-site inspection Procurement manager
Customers	Quality of products and services Meeting customer’s requirements Rapid response and customer satisfaction	Customer satisfaction survey Customer service team Customer service hotline and email
Banks	Repay loans on time Operate in an honest and credible manner Closely monitor operating conditions	Post-loan tracking On-site visits Work conferences
Media and Communities	Corporate responsibility Compliance with regulations Community investment	Company website Regular reports and announcements ESG reports

## **MATERIALITY ASSESSMENT**

The Group engaged and commissioned a professional firm in preparing the ESG Report, and the firm conducted a materiality assessment in the form of a management interview during the preparation process. Sustainability related issues which are material to the Group were identified during the process, and the results are disclosed in later sections of this ESG Report.

Since the business operations of the Group affect multiple stakeholders, stakeholder expectations on the Group may vary. To enhance the materiality assessment, the Group will continue to expand stakeholder engagement to collect a diverse range of stakeholders' views through various channels.

The following table is a summary of the Group's material topics:

<b>Low Risk</b>	<b>Medium Risk</b>	<b>High Risk</b>
Waste Management Energy Consumption	Health and Safety Protection of Intellectual Property ("IP") Rights Customer Privacy Protection	Emissions Control Climate Change Management
Water Consumption Employment Practices Development and Training Labour Standards Supply Chain Management Customer Service Advertising and Labelling Noise Pollution		Product Responsibility Anti-corruption Corporate Social Responsibility

During the reporting period, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

## **CONTACT US**

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advices in respect of the ESG Report or the Group's performances in sustainable development by fax to (852) 2536 0289.

## A. ENVIRONMENTAL

### A1. Emissions

The Group adheres to the strategy of sustainable development in its operation. With the aim to reduce energy consumption and GHG emissions, the Group has always been exploring protection operating models of lesser impact to the environment, recognising the importance of environmental management, and striving to protect the environment in order to fulfil the Group's commitment on social responsibility.

The Group closely follows the latest national and regional environmental protection laws and regulations, thereby focusing on strengthening environmental protection measures to comply with related local laws and regulations and fully implement the environmental policies.

The responsible persons in charge of the Group's environmental affairs supervise the implementation of the related environmental protection policies and measures. Under the stringent supervision and guidance, various departments endeavour to implement the Group's environmental protection policies and ensure all operation processes have complied with the legal requirements. The responsible persons of environmental protection review the Group's policies and implementation procedures continuously, and report to the management appropriately. Recommendations would be made if necessary.

For the year ended 31 March 2021, the Group was not aware of any violation of relevant local environmental laws and regulations in relation to air and GHG emissions, water and land discharge, and the generation of hazardous and non-hazardous wastes including but not limited to the Air Pollution Control Ordinance, Water Pollution Control Ordinance and Waste Disposal Ordinance that would have a significant impact on the Group.

#### ***Emissions Control***

##### *Air Emissions*

The Group examined the issue of air emissions associated with its operations. Due to its business nature, the main source of air emissions from the Group is the use of motor vehicles and vessels, which consumes petrol and diesel as fuel source. The overall air emissions was decreased in 2021.

The summary of air emissions performances:

Air Emissions	Unit	2021	2020
Nitrogen oxides (NOx)	kg	6.26	7.53
Sulphur oxides (SOx)	kg	0.26	0.36
Particulate matter (PM)	kg	0.46	0.55



**A. ENVIRONMENTAL** (continued)

**A1. Emissions** (continued)

**Emissions Control** (continued)

*GHG Emissions*

The major sources of the Group’s GHG emissions are direct GHG emissions (Scope 1) from combustion of petrol for vehicles and diesel for vessels, energy indirect GHG emissions (Scope 2) from purchased electricity and other indirect GHG emissions (Scope 3) from the paper waste deposited at landfills and employee business travels. The Group has adopted the following measures to reduce GHG emissions during its operation:

- Actively adopt environmental protection, energy conservation and water conservation measures which are described in the sections headed “Energy Consumption” and “Water Consumption” under aspect A2; and
- Actively adopt measures to reduce paper use in office which are described in the section headed “Waste Management” under this aspect.

Through the implementation of such measures, the employees’ awareness of reducing GHG emissions has been increased. This represents by total GHG emissions was decreased by approximately 34.45% from 73.26 tCO<sub>2</sub>e in 2020 to 48.02 tCO<sub>2</sub>e in 2021. The main reason was the decrease in employee business air travels as a result of COVID-19.

The summary of GHG emissions performances:

Indicator <sup>1</sup>	Unit	2021	2020
Direct GHG emissions (Scope 1) – Petrol and diesel	tCO <sub>2</sub> e	44.75	62.80
Indirect GHG emissions (Scope 2) – Purchased electricity	tCO <sub>2</sub> e	3.04	3.74
Other indirect GHG emissions (Scope 3) – Paper waste disposed at landfills and employee business travels	tCO <sub>2</sub> e	0.23	6.72
Total GHG emissions	tCO <sub>2</sub> e	48.02	73.26
Total GHG emissions intensity <sup>3</sup>	tCO <sub>2</sub> e/million HKD revenue	0.45	0.81

Note:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, “How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs” issued by the HKEX, the “Global Warming Potential Values” from the IPCC Fifth Assessment Report, 2014 (AR5) and the HK Electric Investments Sustainability Report 2020 published by the HK Electric and Sustainability Report 2020 published by CLP
2. For the year ended 31 March 2021, the Group’s revenue was approximately HK\$105.65 million (2020: approximately HK\$90.54 million). The data is also used for calculating other intensity data.

**A. ENVIRONMENTAL** (continued)

**A1. Emissions** (continued)

***Sewage Discharge into Water and Land***

The Group did not consume significant volume of water through its daily operation, and therefore its business activities did not generate a material amount of wastewater discharge. The majority of the water supply and discharge facilities are provided and managed by the property management company.

***Waste Management***

*Hazardous Waste Management*

Due to the Group's business nature, there was no material hazardous waste generated by the Group for the year ended 31 March 2021.

*Non-hazardous Waste Management*

Non-hazardous waste generated by an office-based and retail shop operations would mainly be office paper. Therefore, the daily general wastes and disposal of office paper were considered as the major non-hazardous wastes of the Group.

The Group continues to place great effort in educating its employees on the importance of reducing paper and waste production and has adopted the following environmentally friendly initiatives to enhance its performance. Green measures include but not limited to the followings:

- Use of electronic communication channels for information sharing;
- Reuse paper that are used on one side for drafting, photocopying and fax deliveries;
- Utilize paper by adjusting document's margins, font size and printer settings;
- Avoid using paper cups; and
- Utilize handkerchiefs or hand dryers for the reduction on tissue or paper towels.

The total non-hazardous waste was increased by approximately 26.97% from 191.34 kg in 2020 to 242.95 kg in 2021. The main reason was the increased business activities as a result of the increase in revenue.

### A. ENVIRONMENTAL (continued)

#### A1. Emissions (continued)

##### *Waste Management (continued)*

##### *Non-hazardous Waste Management (continued)*

The summary of major non-hazardous wastes and its intensity performance:

Indicators	Unit	2021	2020
Paper	kg	47.95	16.34
General wastes	kg	195.00	175.00
Total non-hazardous wastes	kg	242.95	191.34
Total non-hazardous wastes intensity	kg/million HKD revenue	2.30	2.11

#### A2. Use of Resources

The Group takes the initiative to introduce green measures to reduce environmental impact arising from its business operations. Measures on reducing office paper waste are mentioned in the preceding aspect of “Waste Management”.

##### *Energy Consumption*

The Group has implemented relevant policies to better govern the use of resources. However, given the Group’s simple business nature, the variety of applicable green measures is limited. Nevertheless, the Group strives to further reduce energy consumption by adopting the following energy-saving measures:

- Maintain air conditioners’ temperature to 25.5° C;
- Switch off all idling appliances and unnecessary lightings upon leaving the office;
- Use stairs instead of lifts when possible;
- Set computers on energy saving modes; and
- Purchase equipment with high energy efficiency on the replacement of old equipment.

### A. ENVIRONMENTAL (continued)

#### A2. Use of Resources (continued)

##### *Energy Consumption (continued)*

Through the implementation of such measures, the total energy consumption was decreased by approximately 28.68% from 244.88 MWh in 2020 to 174.64 MWh in 2021.

The summary of energy consumption and its intensity performance:

Energy Type	Unit	2021	2020
Petrol	MWh	109.79	136.80
Diesel	MWh	60.47	103.29
Total direct energy	MWh	170.26	240.09
Electricity	MWh	4.38	4.79
Total indirect energy	MWh	4.38	4.79
Total energy consumption	MWh	174.64	244.88
Total energy consumption intensity	MWh/million HKD revenue	1.65	2.70

##### *Water Consumption*

The Group encourages all employees and customers to develop the habit of conscious water conservation. The Group has been enhancing its water conservation promotion. The Group's water consumption is mainly water consumed in office and retail shop. The Group's water consumption expenses are included in the property management fee, therefore the Group did not have water consumption records for the year ended 31 March 2021. Due to its operating locations, the Group did not encounter any significant issue in sourcing water that is fit for purpose.

The Group is dedicated in promoting behavioural changes to conserve water at office and retail shop. Environmental signages on water-saving messages are also posted in prominent places to remind employees to conserve water.

### A. ENVIRONMENTAL (continued)

#### A2. Use of Resources (continued)

##### *Use of Packaging Material*

For the year ended 31 March 2021, the Group has generated insignificant paper bags and boxes in its operations. The Group has made a great effort to reduce usage as much as possible with a view to protecting the environment. The use of packaging material was increased from 1.00 kg in 2020 to 5.00 kg in 2021, which mainly due to the increase in revenue.

The summary of the use of packaging material and its intensity performance:

Indicators	Unit	2021	2020
Packaging Material	kg	5.00	1.00
Packaging Material Intensity	kg/million HKD revenue	0.05	0.01

#### A3. The Environment and Natural Resources

Although the core business of the Group has a limited impact on the environment and natural resources, as an ongoing commitment to good corporate social responsibility, the Group realizes its responsibility in minimising any negative environmental impacts from its business operations. The Group regularly assesses the environmental risks of its business and adopts preventive measures to reduce risks and ensures compliance with relevant laws and regulations.

##### *Indoor Air Quality*

Indoor air quality is regularly monitored and measured. For the year ended 31 March 2021, the indoor air quality of the Group's office was satisfactory. To improve indoor air quality, air purifying equipment has been installed in the office and the air conditioning system is cleaned periodically. These measures help to maintain indoor air quality at a satisfactory level by filtering out pollutants, contaminants and dust particles.

##### *Climate Change Management*

The Group recognises that climate change risks may expose to its business operation, thereby it is committed to managing the risks by continuously reducing its carbon footprint to mitigate the impacts on climate change. The Group also encourages its employees to change and raise of their awareness in relation to the energy consumption, climate change and energy conservation.

## **B. SOCIAL**

### **B1. Employment**

The Group values staff equality and is dedicated to provide its staff with equal and fair treatment. In addition, compliance with laws and regulations has always been one of the Group's guiding principles. The Group will monitor and improve in areas as needed, and continue to grow sustainably and in a socially responsible manner.

For the year ended 31 March 2021, the Group was not aware of any material non-compliance of laws and regulations including but not limited to the Regulation on Work-Related Injury Insurances, Sex Discrimination Ordinance, Employment Ordinance and Employees' Compensation Ordinance that would have a significant impact on the Group.

#### ***Recruitment, Promotion and Remuneration***

Employees are recruited via a robust, transparent and fair recruitment process based on their merits and their potential to fulfil the Group's current and future needs. The Group enters into written employment contracts with all employees that set out the employees' responsibilities, remuneration and grounds for termination of employment. The Group's Staff Handbook is issued as a guidance for its employees, communicating the goals, policies and procedures of the Group as well as expectations for employees' conducts.

The Group periodically assesses the performance of the employees and evaluates their current salaries, bonus and promotion opportunities. The Group also gives preference to internal promotion to encourage consistent contribution and effort.

To ensure the Group's remuneration scheme remains competitive with respect to the market, the Group established a Remuneration Committee, and with its role and function set out in specific written terms of reference in accordance with the provisions set out in the Corporate Governance Code ("CG Code"). The principal duties of the Remuneration Committee include providing recommendations to the Board towards the Company's Remuneration Policy and structure. The Remuneration Committee is also responsible for reviewing remuneration packages of executive directors and members of senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code is adopted), as well as the remuneration of non-executive directors. The Remuneration Committee is also responsible for establishing transparent procedures for developing such Remuneration Policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration. Instead, remuneration will be determined with reference to the performance of the individual and the Group as well as market practice and conditions.

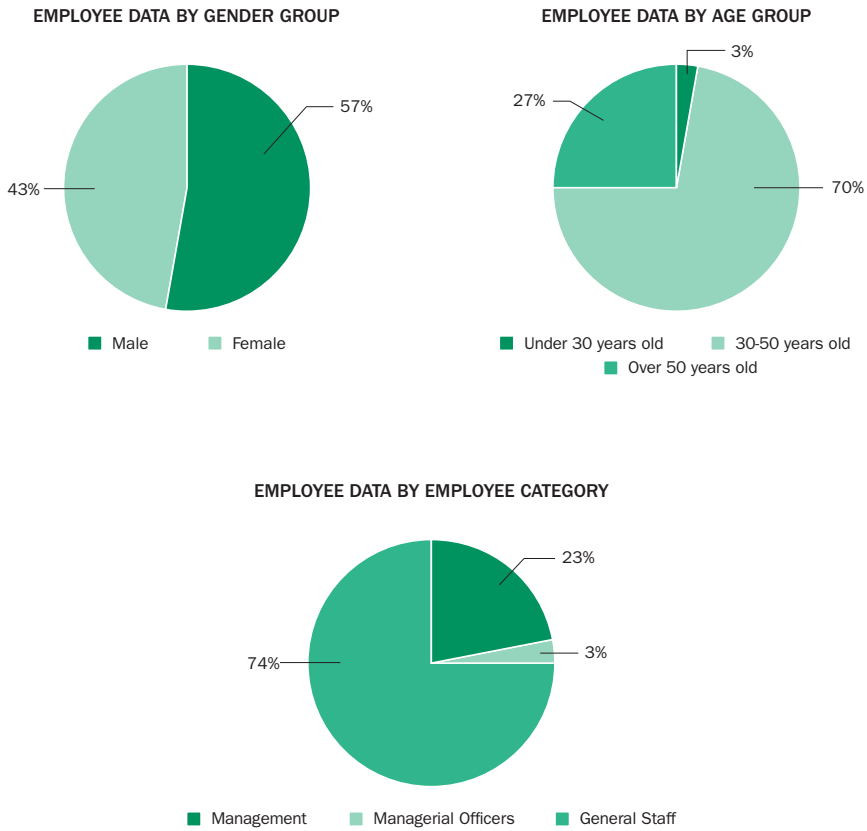


B. SOCIAL (continued)

B1. Employment (continued)

*Recruitment, Promotion and Remuneration (continued)*

The summary of the Group's employees' data by gender, age and employee category is as follow:



**B. SOCIAL** (continued)

**B1. Employment** (continued)

***Retirement and Dismissal***

The Group participates in the Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees.

All employees are covered under the Employees' Compensation Ordinance upon joining the Group. The statute provides protection to employees who sustain personal injury by accident or disease arising out of the course of employment. Unreasonable dismissal under any circumstances is strictly prohibited, dismissal would be based on reasonable and lawful grounds supported by internal policies of the Group.

The summary of the Group's turnover rate by gender and age is as follow:

	Unit	2021
<b>Employee Turnover by Gender Group</b>		
Male	Percentage	53
Female	Percentage	50
<b>Employee Turnover by Age Group</b>		
Under 30 years old	Percentage	55
30-50 years old	Percentage	46
Over 50 years old	Percentage	67

***Working Hours and Rest Periods***

The provision of remuneration and benefits plays a critical role in the ability to attract, retain and motivate the Group's workforce. The Group offers a wide variety of leave entitlements for different circumstances such as maternity leave, paternity leave, marriage leave, study leave, compassionate leave, and compensation leave.

***Equal Opportunities, Diversity and Anti-discrimination***

As an equal opportunity employer, the Group treats all employees on equal footing in regards to matters related to recruitment, remuneration and promotion. The Group ensures that employees are not discriminated due to any reason, including not limited to, gender, race, physical disability, marital status, religion, political opinion or sexual orientation.

To maintain an equal opportunity workplace, the Group has established a grievance mechanism for employees, as well as for suppliers and customers, to report any suspected discrimination or harassment incidents to department heads and/or to the human resources department. All reported cases are investigated confidentially and in a timely manner. For the year ended 31 March 2021, there were no reported cases of any discrimination or harassment incidents within the Group.

### B. SOCIAL (continued)

#### B2. Health and Safety

The Group highly recognises the importance of health and safety of its employees. The Group commits to provide employees with a healthy, safe and comfortable working environment and strive to eliminate potential health and safety hazards at the workplace.

##### *Occupational Health and Safety*

Operational health and safety are among the top priorities in the Group, and it strives to maintain high occupational health and safety standards to ensure that its employees are working under a safe and comfortable working environment. The Group's employees are advised to take extra attention during daily operation to avoid occupational-related accidents, and the Group's senior management consistently offers safety tips and recommends maintaining appropriate conduct during operation.

For the year ended 31 March 2021, the Group did not record any accidents that resulted in death or serious physical injury and no claims or compensation were paid to its employees due to such events. The Group strictly enforces relevant laws and regulations including but not limited to the Occupational Safety and Health Ordinance.

#### B3. Development and Training

##### *Training and Development*

The Group recognises the importance of providing for its employees with professional training to continuously enhance their technical knowledge, and keeping abreast of the latest developments of the Listing Rules and the money lending market for its money lending business.

The Group also observes the Guidelines on Continuous Professional Training set out under the Money Lenders Ordinance. The Group arranges and ensures that Directors of the Group are provided with adequate training, such as corporate finance, pursuant to the Listing Rules. Furthermore, the Group supports and encourages its directors and employees in fulfilling their respective professional training requirements, encouraging them to attend trainings and industry updates organised by various professional bodies such as Registrar of Money Lenders and the Commissioner of Police.

For other business units of the Group, a comprehensive training management system has been designed to accommodate the needs of different types of employees. On top of organising induction trainings for new recruits, the Group arranges training for senior staff in order to aid the bonding and communications within the team.

Apart from internal training programmes, Directors and employees are encouraged to enrol in external training relevant to their work. For the year ended 31 March 2021, the Group's staff members have participated in over 50 training workshops organised by the Hong Kong Institute of Directors, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries, covering various aspects such as equity markets, market trends and regulatory updates. To support its Directors and employees to further develop their competencies, the cost attending external trainings was sponsored by the Group.

**B. SOCIAL** (continued)

**B3. Development and Training** (continued)

*Training and Development* (continued)

The summary of the employees' training data of the Group by gender and employee category is as follow:

<b>Development and Training Indicators</b>	<b>Unit</b>	<b>2021</b>
Total number of hours of training received by employees	hours	42
Total number of employees trained	number	9
<b>Percentage of employees trained by gender</b>		
Male	percentage	47
Female	percentage	8
<b>Percentage of employees trained by employee category</b>		
Management	percentage	100
Managerial officers	percentage	100
General staff	percentage	5
<b>Average hours of training per employee by gender</b>		
Male	hours	2.35
Female	hours	0.15
<b>Average hours of training per employee by employee category</b>		
Management	hours	1.43
Managerial officers	hours	2
General staff	hours	1.36

**B4. Labour Standards**

***Prevention of Child and Forced Labour***

The Group is fully aware that all forms of child labour and forced labour violate fundamental human rights, International Labour Conventions, and also pose as a threat to sustainable social and economic development.

The Group not only strictly complies with the relevant laws and regulations, but also establishes standards, grievance and communication mechanisms with reference to the International Bill of Human Rights for reporting of any suspected violation of labour laws. The Group prohibits the use of child labour by carefully reviewing the actual age of job applicants in the recruitment process, which includes the examination of identity documents. The Group is also committed to prohibiting forced labour.

### B. SOCIAL (continued)

#### B4. Labour Standards (continued)

##### *Prevention of Child and Forced Labour (continued)*

For the year ended 31 March 2021, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations including but not limited to the Employment Ordinance, Mandatory Provident Fund Schemes Ordinance and Employee's Compensation Ordinance that would have a significant impact on the Group.

#### B5. Supply Chain Management

The Group highly values the importance of potential environmental and social risks management in its supply chain. For the effective monitoring of procurement procedures and cost control, increasing management transparency in procurement, the Group has established a stringent and standardised Internal Control Policy for the procurement system and a systematic selection process for suppliers to ensure the fairness and openness. For the year ended 31 March 2021, the Group has total 3 approved suppliers located in Hong Kong.

##### *Supplier Assessment*

The Group expects suppliers to fulfil the standards of the terms of environment, quality, society, corporate governance and commercial ethnics. The Group requires its suppliers to create positive influences on environmental and social matters, the scopes of which mainly include operational compliance, employees' security and health, social responsibility, business ethnics and environmental protection. The Group will terminate contracts with those suppliers who may cause severe environmental contamination or are involved in social disputes such as human rights issues. With the above assessment processes, the Group can minimise potential environmental and social risks of supply chain.

##### *Fair and Open Procurement*

The Group makes its procurement on an open, fair and impartial basis, without any discrimination against any particular suppliers nor corruption and bribery. Employees and any party related to the relevant supplier are forbidden to take part in the subject procurement. The Group stresses the integrity of its suppliers and only selects those with good business track records and no material non-compliances or unethical behaviours.

**B. SOCIAL** (continued)

**B6. Product Responsibility**

The Group actively safeguards the quality of its products and services with its internal control process. The Group also maintains on-going communication with its customers and clients to ensure understanding and satisfaction of their demands and expectations, and to improve its service quality by learning their satisfactory rates.

For the year ended 31 March 2021, the Group was not aware of any material non-compliance with any laws and regulations including but not limited to the Personal Data (Privacy) Ordinance, Trade Descriptions Ordinance and Money Lenders Ordinance that would have a significant impact on the Group.

***Customer Services***

The Group reviews all complaints from customers, suppliers and partners in accordance with internal procedures and guidelines. Appropriate follow-up measures will be taken. If applicable, the Group will conduct relevant investigations to resolve complaints and make improvements accordingly. The Group believes that complaints are good opportunities to get feedback from the community and customers, so as to assure the necessity of improving our services and policies.

For the year ended 30 June 2021, there was no reported case of products sold or shipped subject to recalls for safety and health reasons and no reported case of complaints related to products and services.

***Customer Privacy Protection***

The Group recognises the protection of customers' and partners' privacy is the key for its success. Therefore, protecting and maintaining customers' privacy always remain in the first priority of the Group. The Group has established security measures to provide adequate protection and encryption for all data and information upon operation. At the same time, the Group has established strict policies for the collection and use of personal data.

***Advertising and Labelling***

As a Money Lender, the Group strictly complies with the laws and regulations including but not limited to the Money Lenders Ordinance and Code of Money Lending Practice. The Group is continuously reminding the employee to familiar with the requirements of the guidelines, such as any advertisement for the purpose of the money lending business, it must be clearly stated the number of the money lenders' licence, telephone hotline for handling complaints and a risk warning statement, whether in textual, audio or visual form.

### B. SOCIAL (continued)

#### B7. Anti-corruption

The Group is committed to managing all its businesses without undue influence and has regarded honesty, integrity and fairness as its core values.

The Group adopts a “SAFE” approach (“Screen, Ask, Find, and Evaluate”) at its securities business as part of its anti-money laundering and counter-terrorist financing strategy. In addition, all directors and employees are required to strictly follow the Code of Conduct and Staff Regulations to prevent potential bribery, extortion, fraud and money laundering.

For the year ended 31 March 2021, the Group was not aware of any action that has violated legal regulations and related to corruption, bribery, extortion, fraud and money laundering, including but not limited to the Securities and Futures Ordinance, Personal Data (Privacy) Ordinance and Guideline on Anti-Money Laundering and Counter-Terrorist Financing issued by the Securities and Futures Commission.

#### B8. Community Investment

##### *Corporate Social Responsibility*

The Group believes in shouldering the responsibility of contributing society. As a responsible corporate citizen, the Group has fulfilled its social responsibilities, and is committed to supporting various charitable and community activities. The Group hopes to foster employees’ sense of social responsibility, thus encouraging them to participate in charitable activities during their work and spare time to make greater contributions to the community. The Group’s senior management consistently seeks to support social initiatives and opportunity to contribute to the local development as necessary and appropriate. The Group believes that an active social presence in repaying the society can increase its employees’ civic awareness and establish correct values.



**THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect A1: Emissions</b>		
General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 (“comply or explain”)	The types of emissions and respective emissions data.	Emissions – Emissions Controls, Sewage discharge into water and land
KPI A1.2 (“comply or explain”)	GHG emissions in total (in tonnes) and intensity.	Emissions – Emissions Controls
KPI A1.3 (“comply or explain”)	Total hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management (Not applicable – Explained)
KPI A1.4 (“comply or explain”)	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.5 (“comply or explain”)	Description of reduction initiatives and results achieved.	Emissions – Emissions Controls
KPI A1.6 (“comply or explain”)	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions – Waste Management

## Environmental, Social and Governance Report

Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 (“comply or explain”)	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Consumption
KPI A2.2 (“comply or explain”)	Water consumption in total and intensity.	Use of Resources – Water Consumption (Not applicable – Explained)
KPI A2.3 (“comply or explain”)	Description of energy use efficiency initiatives and results achieved.	Use of Resources – Energy Consumption
KPI A2.4 (“comply or explain”)	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources – Water Consumption
KPI A2.5 (“comply or explain”)	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Use of Packaging Material
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimizing the issuer’s significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 (“comply or explain”)	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Indoor Air Quality

## Environmental, Social and Governance Report

Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.</li> </ul>	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.</li> </ul>	Health and Safety
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

## Environmental, Social and Governance Report

Aspects, General Disclosures and KPIs	Description	Section/Declaration
<b>Aspect B4: Labour Standards</b>		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</li> </ul>	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management

## Environmental, Social and Governance Report

Aspects, General Disclosures and KPIs	Description	Section/Declaration
---------------------------------------	-------------	---------------------

### Aspect B6: Product Responsibility

General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</li> </ul>	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility

### Aspect B7: Anti-corruption

General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</li> </ul>	Anti-corruption
--------------------	---	-----------------

### Aspect B8: Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
--------------------	--	----------------------

## Report of the Directors

The directors present their annual report and the audited financial statements of the Group for the year ended 31 March 2021.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 44 to the consolidated financial statements.

### BUSINESS REVIEW

The business review, including an analysis of the Group's performance during the year using financial key performance indicators and an indication of likely future development in the Group's business, is set out in "Chairman's Statement and Management Discussion and Analysis" of this annual report. Description of the principal risks and uncertainties facing by the Company can be found throughout this annual report, particularly in note 6 to the consolidated financial statements. These discussions form part of this "Report of the Directors".

### RESULTS

The Group's loss for the year ended 31 March 2021 and the financial position of the Group at that date are set out in the consolidated financial statements on pages 60 to 134.

### SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified and restated as appropriate, is set out below. This summary does not form part of the audited financial statements.

	2021 HK\$'000	Year ended 31 March			2017 HK\$'000
		2020 HK\$'000	2019 HK\$'000 (Restated)	2018 HK\$'000	
<b>Continuing operations</b>					
Revenue	<b>105,651</b>	90,544	137,585	35,220	68,679
Profit/(loss) before tax	<b>4,471</b>	(26,970)	(34,634)	(339,946)	28,182
Income tax (expense)/credit	<b>(24)</b>	(855)	(1,311)	2,508	761
Profit/(loss) for the year from continuing operations	<b>4,447</b>	(27,825)	(35,945)	(337,438)	27,421
<b>Discontinued operation</b>					
Loss for the year from discontinued operation	<b>–</b>	(1,586)	(15,511)	–	–
Profit/(loss) for the year	<b>4,447</b>	(29,411)	(51,456)	(337,438)	27,421

## Report of the Directors

### SUMMARY OF FINANCIAL INFORMATION (continued)

	2021 HK\$'000	At 31 March			
		2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Total non-current assets	<b>191,764</b>	74,905	134,241	350,603	1,047,178
Current assets	<b>168,281</b>	267,669	306,706	19,119	163,949
Current liabilities	<b>(34,463)</b>	(33,563)	(118,507)	(21,715)	(185,942)
Net current assets/(liabilities)	<b>133,818</b>	234,106	188,199	(2,596)	(21,993)
Total assets less current liabilities	<b>352,582</b>	309,011	322,440	348,007	1,025,185
Non-current liabilities	<b>(16,145)</b>	(10,551)	(10,158)	(10,158)	(12,448)
Net assets	<b>309,437</b>	298,460	312,282	337,849	1,012,737

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group's businesses are mainly carried out by the Company's subsidiaries established in Hong Kong, the Peoples's Republic of China ("PRC") and the British Virgin Islands while the Company itself is incorporated in Bermuda with its shares listed on the Stock Exchange. Our establishment and operations shall comply with relevant laws and regulations in Bermuda, Hong Kong, the PRC and the British Virgin Islands accordingly.

### ENVIRONMENTAL PROTECTION POLICY

Details of the environmental protection policy and performance of the Group for the year ended 31 March 2021 are set out in the section headed "Environmental, Social and Governance Report" of this annual report.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year are set out in note 21 to the consolidated financial statements.

### SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 36 to the consolidated financial statements.



## **EQUITY-LINKED AGREEMENTS**

Save as the Company's share option scheme disclosed in note 38 to the consolidated financial statements, no equity-linked agreements were entered into by the Company during the year and subsisted at the end of the year.

## **PRE-EMPTIVE RIGHTS**

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

## **PURCHASE, REDEMPTION OR SALE OF LISTED EQUITY SECURITIES OF THE COMPANY**

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

## **RESERVES**

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

## **DISTRIBUTABLE RESERVES**

As at 31 March 2021, the Company does not have any reserves available for cash distribution and/or distribution in specie. In addition, the Company's share premium account in the amount of approximately HK\$2,679 million may be distributed in the form of fully paid bonus shares.

## **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.

## **MAJOR CUSTOMERS AND SUPPLIERS**

During the period under review, the sales attributable to the Group's five largest customers accounted for approximately 66.39% of the total sales for the year and sales to the largest customer included therein amounted to approximately 31.55%.

During the period under review, the purchases attributable to the Group's five largest suppliers accounted for approximately 99.76% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 57.23%.

None of the directors of the Company or any of their close associates or any shareholders (which, to the knowledge of the directors, own more than 5% of the number of the Company's issued shares) had any beneficial interest in the Group's five largest suppliers or customers.

## Report of the Directors

### RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's businesses cannot be achieved without the support from stakeholders. The Group has always paid attention to and maintained a good relationship with its customers by providing customer-oriented services. To achieve our best products and services to our customers, the Group is striving to maintain good relationship and close communication with suppliers for continual improvement of both products and services provided. The Group also values the knowledge and skills of employees. Competitive remuneration package is offered to retain high-calibre employees and make sure that their performance goals are aligned with the Group's business objectives.

### DIRECTORS

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

#### *Executive Directors*

Ms. Zhou Yaying  
Mr. Wei Liang  
Ms. Hong Jingjuan (retired on 29 September 2020)  
Mr. Tang Wing Cheung Louis

#### *Independent Non-executive Directors*

Mr. Tse Kwong Chan  
Mr. Yiu To Wa  
Mr. Lau Leong Yuen  
Mr. Hong Hui Lung (appointed on 22 February 2021)

In accordance with the Bye-laws and the agreement among the Board members, Mr. Tang Wing Cheung Louis, Mr. Yiu To Wa, Mr. Lau Leong Yuen and Mr. Hong Hui Lung shall retire from office as directors of the Company at the forthcoming annual general meeting of the Company (the "AGM"). All of the above directors are eligible for re-election at the AGM.

### BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT

#### *Executive directors:*

**Ms. Zhou Yaying ("Ms. Zhou")**, aged 38, is the Chairman of the Board and a member of the Executive Committee, Remuneration Committee and Nomination Committee. She joined the Group in April 2018. She has over 15 years of experiences of business management, business strategy formulation, sales and marketing and human resources.

**Mr. Wei Liang ("Mr. Wei")**, aged 43, is the Chief Executive Officer of the Company and a member of the Executive Committee. He joined the Group in May 2018. He has over 20 years of experiences of business management, trading, and property investment.

### BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT (continued)

*Executive directors: (continued)*

**Mr. Tang Wing Cheung Louis (“Mr. Tang”)**, aged 58, is an executive director and a member of the Executive Committee of the Company. He joined the Group in May 2018. He graduated from Florida International University in the United States of America in 1984 with bachelor degree in hotel management. Mr. Tang has over 10 years of experience in management, investment and provision of financial services.

*Independent non-executive directors:*

**Mr. Tse Kwong Chan (“Mr. Tse”)**, aged 51, is an independent non-executive director, the Chairman of the Remuneration Committee and a member of both the Audit Committee and the Nomination Committee of the Company. He joined the Company in March 2011. He graduated from Dawson College, Canada with a degree majoring in Mathematics in 1991. Mr. Tse has over 20 years of working experience in the area of sales and marketing and management.

**Mr. Yiu To Wa (“Mr. Yiu”)**, aged 38, is an independent non-executive director, the Chairman of the Audit Committee and Nomination Committee. He joined the Group in July 2017. He obtained his bachelor degree of business administration in professional accountancy program from The Chinese University of Hong Kong in 2005 and has been a certified public accountant of Hong Kong Institute of Certified Public Accountants since 2008. Mr. Yiu has over 10 years of experience in financial accounting and auditing of listed companies in Hong Kong.

Mr. Yiu is currently also an independent non-executive director of Yuk Wing Group Holdings Limited (Stock Code: 1536) and Mr. Yiu has appointed as an executive director of DeTai New Energy Group Limited with effect from 27 May 2021 (Stock Code: 559), which are listed on the Stock Exchange.

**Mr. Lau Leong Yuen (“Mr. Lau”)**, aged 36, is an independent non-executive director, the member of the Audit Committee and Remuneration Committee. He joined the Group in July 2017. He obtained a bachelor degree of engineering in electronic and communication from the City University of Hong Kong in 2008 and a master degree of science in E-Commerce from the Hong Kong Polytechnic University in 2011. Mr. Lau is currently a senior information technology analyst in a leading air cargo terminal operator in Hong Kong. Mr. Lau has over 10 years of experience in software engineering and information technology system development.

Mr. Lau is currently also an independent non-executive director of Yuk Wing Group Holdings Limited, which is listed on the Stock Exchange (Stock Code: 1536).

**Mr. Hong Hui Lung (“Mr. Hong”)**, aged 52, is an independent non-executive director and a member of the Audit Committee of the Company. He joined the Group in February 2021. He obtained a bachelor degree in science from The University of Hong Kong in 1992. After graduation, Mr. Hong had worked in an international audit firm. Mr. Hong has professional expertise and extensive experience in investment banking for about 16 years. Mr. Hong has also participated as speakers of professional trainings and seminars regarding the regulation, landscape and development of Hong Kong and China capital markets. Mr. Hong is a fellow member of the Association of Chartered Certified Accountants.

Save as disclosed herein, there is no other relationship between each of the directors as required to be disclosed under the Listing Rules.

## Report of the Directors

### BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT (continued)

#### *Senior management:*

**Ms. Chen Tong (“Ms. Chen”)**, aged 57, was the executive director of the Company from 15 December 2010 to 10 October 2017 and re-designated as General Manager on that day. She joined the Group in December 2010. Ms. Chen graduated from Tongji University in 2002 with a bachelor’s degree in administrative management. She is currently the vice general manager of a logistic company in the PRC. She has over 20 years experience in the banking industry and is an economist.

### DIRECTORS’ SERVICE CONTRACTS

No director proposed for re-election at the AGM 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’ REMUNERATION

The remuneration of directors is transacted and voted by the shareholders at annual general meeting as ordinary business during which the Board is authorised to fix the remuneration of directors. The remuneration payable to directors is then determined by the Board with reference to directors’ duties, responsibilities and performance and results of the Group and the recommendations of the Remuneration Committee subject to the Bye-laws.

### DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 41 to the consolidated financial statements, none of directors of the Company or their connected entities had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the Group’s business to which the Company or any of its subsidiaries was a party subsisted at the end of the year or at any time during the year ended 31 March 2021.

### DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the directors nor their respective close associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to Rule 8.10 of the Listing Rules.

### INTERESTS AND/OR SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2021, the interests and short positions of each Director and chief executive of the Company in the shares or underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

#### Long positions in the ordinary shares of the Company

Name of Director	Capacity	Number of ordinary shares held	Number of underlying shares (unlisted and physically settled equity derivatives)	Approximate percentage of interest
Ms. Zhou Yaying	Beneficial owner	4,371,386	5,905,666	1.65%

The percentage of interest in the Company is calculated by reference to the number of ordinary shares in issue as at 31 March 2021, that is 624,637,750 ordinary shares of the Company.

### ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Share Option Scheme" and "Interests and/or Short Positions of the Directors and Chief Executive of the Company in the Shares, Underlying Shares and Debentures of the Company", at no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Report of the Directors

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

As at 31 March 2021, the following parties had interests of 5% or more of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

#### Long positions in the ordinary shares of the Company

Name of substantial shareholder	Nature of Interests	Number of ordinary shares interested	Percentage of the Company's issued share capital
Mr. Yang Maojun	Beneficial owner	62,910,000	10.07%
Ms. Guo Sha	Beneficial owner	47,000,000	7.52%
Ms. Dong Qian	Beneficial owner	40,000,000	6.40%

The percentage of interest in the Company is calculated by reference to the number of ordinary shares in issue as at 31 March 2021, that is 624,637,750 ordinary shares of the Company.

Save as disclosed above, as at 31 March 2021, no person had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

### CONTRACT OF SIGNIFICANCE

No contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders or any of its subsidiaries during the year.

### PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every director for the time being acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all losses, damages and expenses which he/she shall or may incur or sustain by or by reason of any act done about the execution of duties of his/her office or otherwise in relation thereto.

There is appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

## **CONNECTED TRANSACTIONS**

The significant related party transactions as disclosed in note 41 to the consolidated financial statements do not fall under the definitions of “connected transaction” or “continuing connected transaction” in Chapter 14A of the Listing Rules.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, at least 25% of the Company’s total number of issued shares were held by the public.

## **EVENTS AFTER THE REPORTING PERIOD**

Details of the significant events of the Group after the reporting period are set out in note 45 to the consolidated financial statements.

## **AUDITOR**

On 26 March 2021, CHENG & CHENG Limited resigned as auditor of the Company and McMillion Woods (Hong Kong) CPA Limited was appointed by the Board of Directors as the auditor of the Company to fill the casual vacancy so arising.

The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by McMillion Woods (Hong Kong) CPA Limited who will retire at the conclusion of the AGM and, being eligible, will offer itself for re-appointment. A resolution will be submitted to the AGM to re-appoint McMillion Woods (Hong Kong) CPA Limited as the auditor of the Company.

ON BEHALF OF THE BOARD

**Ms. Zhou Yaying**

*Chairman*

Hong Kong

30 June 2021



## Independent Auditor's Report



### TO THE SHAREHOLDERS OF CHINA ENVIRONMENTAL ENERGY INVESTMENT LIMITED

(incorporated in Bermuda with limited liability)

### OPINION

We have audited the consolidated financial statements of China Environmental Energy Investment Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 60 to 134, which comprise the consolidated statement of financial position as at 31 March 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“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 (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

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

- 1) Goodwill impairment assessment – Design, OEM and Marketing of Jewelry Business and Money Lending business;
- 2) Valuation of inventories; and
- 3) Impairment assessment of loan and interest receivables

#### **Key Audit Matter**

*Goodwill impairment assessment – Design, OEM and Marketing of Jewelry business and Money Lending business*

Refer to significant accounting policy in note 4, key source of estimation of uncertainty in note 5(f) and relevant disclosure in note 23 to the consolidated financial statements

We identified the impairment assessment of goodwill, as a key audit matter due to the significant judgement exercised by the management on the estimation of the recoverable amount of the cash generating units to which goodwill has been allocated.

The Group's goodwill as at 31 March 2021 amounted to approximately HK\$4,189,000 (net of accumulated impairment loss of approximately HK\$89,083,000).

Goodwill has been allocated to the respective cash generating units. Impairment of goodwill is assessed by the management through comparing the recoverable amounts of the cash generating units to which the goodwill is allocated with their carrying amounts. The recoverable amount is greater of value in use or fair value less costs of disposal.

In determining the recoverable amounts of the cash generating units of Design, OEM and Marketing of Jewelry business and Money Lending business, the management engaged a professional firm of valuer to assist the Group to estimate their value in use based on discounted cash flows under income approach by taking into account key assumptions including discount rate, future growth rate and expected gross margin.

During the year ended 31 March 2021, the management concluded that impairment loss of approximately HK\$2,408,000 and Nil to be provided on the goodwill allocated to Design, OEM and Marketing of Jewelry business and Money Lending business respectively.

#### **How the matter was addressed in our audit**

Our procedures in relation to management's impairment assessment included:

- Evaluating the external valuer's independence, competence, capabilities and objectivity;
- Engaging in a professional firm of valuer as our expert, assessing the appropriateness of the valuation methodologies, including the value-in-use calculations, used by the valuation specialists and management to estimate the recoverable amount of the cash generating units;
- Challenging the reasonableness of key assumptions based on our knowledge and understanding of the businesses and markets;
- Checking, on a sample basis, the accuracy and relevancy of the input used;
- Reconciling input to supporting evidence, such as approved budgets and evaluating the reasonableness of the budgets;
- Performing sensitivity and stress testing analysis; and
- Evaluating the adequacy of disclose in respect of the impairment review in the consolidated financial statements.

## Independent Auditor's Report

### Key Audit Matter

---

#### *Valuation of inventories*

Refer to significant accounting policy in note 4, key source of estimation of uncertainty in note 5(e) and relevant disclosure in note 25 to the consolidated financial statements

We identified valuation of inventories as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgements associated with determining the amount of allowances on inventories.

As disclosed in note 5(e) to the consolidated financial statements, in estimating the amount of allowances on inventories, it is the Group's policy to review the net realisable values of inventories periodically with reference to current market condition and the historical experience in selling goods of similar nature. The Group's management reviewed, on a regular basis, the suitability of its inventory allowance policy and has applied the policy consistently. The Group's management also reviewed, on a regular basis, the inventory age listing to identify any slow-moving inventories estimated the amount of allowances primarily based on the pricing policy and strategies and the historical experience in selling goods of similar nature. The Group has engaged an independent professional valuer to perform valuation of certain inventories with reference to market prices, its expertise and the current market situation.

At 31 March 2021, the carrying amount of inventories was approximately HK\$45,993,000 (net of allowance for inventories of approximately HK\$197,000).

### How the matter was addressed in our audit

---

Our procedures in relation to the valuation of inventories included:

- Understanding the Group's internal controls over valuation of inventories;
- Understanding how management identifies slow-moving inventories and the amount of allowances required;
- Evaluating the competence, capabilities and objectivity of the independent professional valuer and obtaining an understanding of the scope of work and their terms of engagement;
- Engaging a valuation specialist to assist us to evaluate the appropriateness of the valuation prepared by the independent professional valuer with reference to market price and market research reports on jewellery industry, on a sample basis;
- Checking the accuracy of the inventory age listing, on a sample basis, by tracing to the invoices and delivery documents;
- Assessing the reasonableness of the allowances on identified slow-moving non-diamond gem-set jewellery products by checking the ageing profile, historical sales pattern and the subsequent sales of these inventories; and
- Evaluating the historical accuracy of allowances on inventories assessed by the management by comparing the actual results to historical allowances recognised.

### Key Audit Matter

---

#### *Impairment assessment on loan and interest receivables*

Refer to significant accounting policy in note 4, key source of estimation of uncertainty in note 5(d), financial risk management in note 6(b) and relevant disclosure in note 27 to the consolidated financial statements

We identified the impairment assessment of loan and interest receivables as a key audit matter due to its significance to the Group's consolidated financial position and it required significant degree of judgement by the management in estimation of amount and timing of future cash flows and collateral value when determining the provision of expected credit losses ("ECLs") and assessment of a significant increased credit risk.

The gross carrying amounts of the Group's loan and interest receivables as at 31 March 2021 were approximately HK\$212,914,000 and HK\$7,955,000, respectively, and provision for impairment losses thereon were approximately HK\$2,930,000 and HK\$117,000, respectively.

The measurement of ECLs requires the application of significant judgement and increased complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECLs model (for exposures assessed individually), such as the expected future cash flows, amount of collaterals and forward-looking macroeconomic factors. The Group engaged an independent external valuer to assist in the valuation for ECLs for loan and interest receivables.

### How the matter was addressed in our audit

---

Our procedures in relation to management's impairment assessment included:

- Evaluating the external valuer's independence, competence, capabilities and objectivity;
- Engaging a firm of professional valuer to assist us in assessing the methodologies used and the appropriateness of the key assumptions used in ECLs calculation by valuer;
- Evaluating the design, implementation and operating effectiveness of key internal controls which govern credit control, loan and interest collection and estimation of ECLs;
- Analysing and testing, on a sample basis, the accuracy of the ageing profile of loan and interest receivables by checking against the loan agreement and other source documents, for the purpose of impairment assessment carried out by the management;
- Reviewing the adequacy and appropriateness of the ECLs made by management with reference to the ageing profiles, settlement records, subsequent settlements and other facts and circumstances currently available for the significant loan receivables balance; and
- Assessing the disclosure made in the consolidated financial statements in relation to the Group's credit risk exposure.

## **Independent Auditor's Report**

### **OTHER MATTER**

The consolidated financial statements of the Group for the year ended 31 March 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 29 June 2020.

### **OTHER INFORMATION**

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

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

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

### **RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE 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.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you as a body, in accordance with Section 90 of the Bermuda Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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.

## Independent Auditor's Report

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

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

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

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

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

#### **McMillan Woods (Hong Kong) CPA Limited**

*Certified Public Accountants*

#### **Yeung Man Sun**

*Audit Engagement Director*

Practising Certificate Number – P07606

3/F., Winbase Centre,

208 Queen's Road Central, Hong Kong

Hong Kong, 30 June 2021



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Continuing operations</b>			
<b>Revenue</b>	8	<b>105,651</b>	90,544
Cost of sales		<b>(82,145)</b>	(69,814)
Gross profit		<b>23,506</b>	20,730
Other income	10	<b>777</b>	92
Other gains and losses, net	11	<b>(4,016)</b>	(15,755)
Reversal of/(provision for) expected credit losses ("ECLs") on trade receivables and loan and interest receivables	12	<b>8,775</b>	(11,148)
Selling and distribution expenses		<b>(8,628)</b>	(2,398)
Administrative expenses		<b>(14,679)</b>	(17,378)
Finance costs	13	<b>(1,264)</b>	(1,113)
Profit/(loss) before tax	14	<b>4,471</b>	(26,970)
Income tax expense	17	<b>(24)</b>	(855)
Profit/(loss) for the year from continuing operations		<b>4,447</b>	(27,825)
<b>Discontinued operation</b>			
Loss for the year from discontinued operation	18	<b>-</b>	(1,586)
Profit/(loss) for the year		<b>4,447</b>	(29,411)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		<b>(58)</b>	21
Item that will not be reclassified to profit or loss			
Fair value change in financial assets at fair value through other comprehensive income ("FVTOCI")		<b>4,389</b>	(4,845)
Other comprehensive income for the year		<b>4,331</b>	(4,824)
Profit/(loss) and total comprehensive income for the year		<b>8,778</b>	(34,235)
Profit/(loss) for the year attributable to the owners of the Company			
- From continuing operations		<b>4,447</b>	(27,825)
- From discontinued operation		<b>-</b>	(1,586)
		<b>4,447</b>	(29,411)
Profit/(loss) and total comprehensive income attributable to the owners of the Company		<b>8,778</b>	(34,235)
		<b>2021 HK\$</b>	<b>2020 HK\$</b>
<b>Earning/(loss) per share</b>	20		
From continuing and discontinued operations – Basic		<b>0.0071</b>	(0.0492)
From continuing and discontinued operations – Diluted		<b>0.0068</b>	N/A
From continuing operations – Basic		<b>0.0071</b>	(0.0466)
From continuing operations – Diluted		<b>0.0068</b>	N/A
From discontinued operation – Basic		<b>-</b>	(0.0026)
From discontinued operation – Diluted		<b>-</b>	N/A

# Consolidated Statement of Financial Position

As at 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	21	128	364
Right-of-use assets	22	371	1,516
Goodwill	23	4,189	6,597
Loan receivables	27	163,401	46,623
Deferred tax assets	37	600	616
Financial assets at FVTOCI	24	23,075	18,686
Deposits paid	28	–	503
		<b>191,764</b>	<b>74,905</b>
<b>Current assets</b>			
Inventories	25	45,993	3,235
Trade receivables	26	19,413	250
Loan and interest receivables	27	54,421	98,880
Other receivables, prepayments and deposits paid	28	46,814	157,870
Tax recoverable		104	–
Cash deposits held by securities brokers	29	2	1
Bank balances and cash	29	1,534	7,433
		<b>168,281</b>	<b>267,669</b>
<b>Current liabilities</b>			
Trade payables	30	869	1,506
Loan and interest payables	31	6,404	5,893
Other payables and accruals	32	26,797	23,761
Lease liabilities	33	393	1,167
Income tax payable		–	1,236
		<b>34,463</b>	<b>33,563</b>
<b>Net current assets</b>		<b>133,818</b>	<b>234,106</b>
<b>Total assets less current liabilities</b>		<b>325,582</b>	<b>309,011</b>

## Consolidated Statement of Financial Position

As at 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Non-current liabilities</b>			
Lease liabilities	33	–	393
Unconvertible bonds	34	<u>16,145</u>	<u>10,158</u>
		<b>16,145</b>	10,551
<b>Net assets</b>			
		<b>309,437</b>	298,460
<b>Capital and reserves</b>			
Share capital	36	62,464	62,464
Reserves		<u>246,973</u>	<u>235,996</u>
<b>Total equity</b>			
		<b>309,437</b>	298,460

The consolidated financial statements on pages 60 to 134 were approved and authorised for issue by the Board of Directors on 30 June 2021 and are signed on its behalf by:

**Zhou Yaying**  
Director

**Wei Liang**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Share capital HK\$'000	Share premium HK\$'000 (Note 43(b)(i))	Contributed surplus HK\$'000 (Note 43(b)(ii))	Investments revaluation reserve HK\$'000 (Note 43(b)(v))	Exchange reserve HK\$'000 (Note 43(b)(iii))	Capital redemption reserve HK\$'000 (Note 43(b)(vi))	Share option reserve HK\$'000 (Note 43(b)(iv))	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2019	56,785	2,660,960	2,031	(8,493)	8,665	464	3,463	(2,411,593)	312,282
Loss for the year	-	-	-	-	-	-	-	(29,411)	(29,411)
Other comprehensive expense									
Exchange difference on translation of foreign operations	-	-	-	-	21	-	-	-	21
Fair value change in financial assets at FVTOCI	-	-	-	(4,845)	-	-	-	-	(4,845)
Loss and total comprehensive income for the year	-	-	-	(4,845)	21	-	-	(29,411)	(34,235)
Reclassification	-	-	-	1,183	-	-	-	(1,183)	-
Issue of shares upon exercise of share options	5,679	18,227	-	-	-	-	(3,463)	-	20,443
Share issue expenses	-	(30)	-	-	-	-	-	-	(30)
At 31 March 2020 and 1 April 2020	62,464	2,679,157	2,031	(12,155)	8,686	464	-	(2,442,187)	298,460
Profit for the year	-	-	-	-	-	-	-	4,447	4,447
Other comprehensive expense									
Exchange difference on translation of foreign operations	-	-	-	-	(58)	-	-	-	(58)
Fair value change in financial assets at FVTOCI	-	-	-	4,389	-	-	-	-	4,389
Profit and total comprehensive income for the year	-	-	-	4,389	(58)	-	-	4,447	8,778
Recognition of equity-settled share based payment	-	-	-	-	-	-	2,199	-	2,199
<b>At 31 March 2021</b>	<b>62,464</b>	<b>2,679,157</b>	<b>2,031</b>	<b>(7,766)</b>	<b>8,628</b>	<b>464</b>	<b>2,199</b>	<b>(2,437,740)</b>	<b>309,437</b>

# Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Cash flows from operating activities</b>			
Profit/(loss) before tax			
From continuing operations		4,471	(26,970)
From discontinued operations		–	(1,586)
		<b>4,471</b>	<b>(28,556)</b>
Adjustments for:			
Bank interest income		(1)	(7)
Imputed interest income on unconvertible bond		(3,716)	–
Imputed interest income on loan receivable		(2,455)	–
Loss on modification of loan receivables		10,215	–
Finance costs	13	1,264	1,132
Depreciation of property, plant and equipment	14	236	291
Depreciation of right-of-use assets	14	1,145	1,402
Gain on disposal of interest in an associate classified as held for sale		–	(11,884)
Gain on disposal of subsidiaries		–	(67)
Impairment loss recognised on goodwill		2,408	15,402
Impairment loss recognised on inventories		109	88
(Reversal of)/provision for ECL on loan and interest receivables		(8,833)	13,882
Gain on disposal of property, plant and equipment		(5,000)	–
Provision for/(reversal of) ECL on trade receivables		58	(2,734)
Change in fair value on financial assets at fair value through profit or loss		–	12,149
Equity-settled share-based payment		2,199	–
Operating cash flows before movements in working capital		2,100	1,098
(Increase)/decrease in inventories		(42,867)	805
Increase in loan and interest receivables		(71,246)	(94,984)
(Increase)/decrease in trade receivables		(19,221)	95,322
Decrease/(increase) in other receivables, prepayments and deposits paid		111,561	(154,455)
Decrease in trade payables		(637)	(89,048)
Increase in other payables and accruals		2,975	23,265
Decrease in client trust bank balance		–	16,668
Cash used in operations		(17,335)	(201,329)
Income tax paid		(1,348)	(509)
Net cash used in operating activities		(18,683)	(201,838)

## Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		–	(305)
Proceeds on disposal of interest in an associate classified as held for sale		–	171,200
Proceeds on disposal of financial assets at fair value through other comprehensive income		–	4,659
Net cash inflow arising on disposal of subsidiaries	18	–	2,742
Proceed from disposal of property, plant and equipment		<b>5,000</b>	–
Bank interest received		<b>1</b>	7
		<hr/>	<hr/>
Net cash from investing activities		<b>5,001</b>	178,303
<b>Cash flows from financing activities</b>			
Proceeds from issue of on unconvertible bond	40(b)	<b>9,500</b>	–
Repayment of lease liabilities	40(b)	<b>(1,167)</b>	(1,365)
Proceeds from issue of shares upon exercise of share options		–	20,443
Share issue expenses		–	(30)
Interest expense on lease liabilities	40(b)	<b>(50)</b>	(105)
Interest paid	40(b)	<b>(500)</b>	(500)
		<hr/>	<hr/>
Net cash from financing activities		<b>7,783</b>	18,443
		<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>		<b>(5,899)</b>	(5,092)
<b>Cash and cash equivalents at the beginning of the year</b>		<b>7,434</b>	12,528
Effects of exchange rate changes		<b>1</b>	(2)
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>		<b>1,536</b>	7,434
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year represented by:</b>			
Cash deposits held by securities brokers		<b>2</b>	1
Bank balances and cash		<b>1,534</b>	7,433
		<hr/>	<hr/>
		<b>1,536</b>	7,434
		<hr/>	<hr/>

# Notes to Consolidated Financial Statements

For the year ended 31 March 2021

## 1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and its principal place of business is Room 910, 9th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are set out in note 44. The Company together with its subsidiaries are referred to as the Group.

## 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise all applicable Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

## 3. ADOPTION OF NEW AND REVISED HKFRSs

### (a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

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

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

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 3. ADOPTION OF NEW AND REVISED HKFRSs (continued)

#### (b) New and revised HKFRSs in issue but not yet effective

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

<sup>5</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>6</sup> Effective for annual periods beginning on or after 1 April 2021

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



## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies, such as certain financial instruments that are measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below.

#### (a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

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

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

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### (c) Foreign currency translation

##### *i. Functional and presentation currency*

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

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Foreign currency translation (continued)

##### *ii. Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

##### *iii. Translation on consolidation*

The results and financial position of all the Group's entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Property, plant and equipment

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.

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

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvement	Over the shorter of the lease terms or 20%
Furniture and office equipment	20%
Motor vehicles	20%
Motor vessel	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

#### (e) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

##### *The Group as a lessee*

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

#### **4. SIGNIFICANT ACCOUNTING POLICIES** (continued)

##### **(e) Leases** (continued)

###### *The Group as a lessee* (continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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

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.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group's entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("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 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) Financial assets

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 marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### ***Debt investments***

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVTPL if the investment does not meet the criteria for being measured at amortised cost or fair FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

#### ***Equity investments***

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

#### (j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL.

#### (k) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

#### (l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### (m) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

#### (n) Equity instruments

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



## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sale of jewellery is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from money lending is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

#### (p) Employee benefits

##### *i. Employee leave entitlements*

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

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

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (p) Employee benefits (continued)

##### ii. Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

##### iii. Termination benefits

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

#### (q) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### (r) Share-based payments

The Group issues equity-settled share-based payments to certain directors and employees.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When 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 retained profits.

#### (s) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

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

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (t) Discontinued operations

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the component is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

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

#### (u) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items 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.

Deferred tax is recognised on 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or 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.

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.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (u) Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, 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.

The measurement of deferred tax assets and liabilities 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 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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 by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (v) Impairment of non-financial assets

The carrying amounts of other non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGUs are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

#### (w) Impairment of financial assets

The Group recognises a loss allowance for ECL on trade receivables and loan receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix 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 as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (w) Impairment of financial assets (continued)

##### ***Significant increase in credit risk***

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

- 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 for a particular financial instrument;
- 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;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (w) Impairment of financial assets (continued)

##### *Significant increase in credit risk (continued)*

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) The financial instrument has a low risk of default,
- (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) 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 a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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.

##### *Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (w) Impairment of financial assets (continued)

##### ***Credit-impaired financial assets***

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

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

##### ***Write-off policy***

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

##### ***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 as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (w) Impairment of financial assets (continued)

##### *Measurement and recognition of ECL (continued)*

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

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

#### (x) Provisions and contingent liabilities

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

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

#### (y) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATES

#### Critical judgements in applying accounting policies

Critical judgements in applying accounting policies In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

#### (a) *Principal versus agent consideration (principal)*

The Group's revenue generated from Design, OEM and Marketing of Jewelry business. Upon the application of HKFRS 15, the Group reassessed whether the Group should continue recognise revenue on gross basis based on the requirement of HKFRS 15. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the jewelry products. The Group has inventory risk and exposed to significant price risk.

During the year ended 31 March 2021, the Group recognised revenue generated from Design, OEM and Marketing of Jewelry business amounted to approximately HK\$86,889,000 (2020: HK\$77,197,000).

#### (b) *Significant increase in credit risk*

As explained in note 4(w), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An assets move to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

#### Key sources of estimation uncertainty

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 and liabilities within the next financial year, are discussed below.

#### (c) *Income tax*

The Company is subject to Hong Kong Profit Tax. Significant estimates are required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

During the year, income tax expense of approximately HK\$24,000 (2020: HK\$855,000) was charged to profit or loss based on the estimated profit from the Group's operations.

## **5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATES** (continued)

### **Key sources of estimation uncertainty** (continued)

#### **(d) Impairment of trade receivables and loan and interest receivables**

The management of the Group estimates the amount of impairment loss for ECL on trade receivables and loan and interest receivables based on the credit risk of trade receivables and loan and interest receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 March 2021, the carrying amounts of trade receivables and loan and interest receivables were approximately HK\$19,413,000 (2020: HK\$250,000) (net of allowance for doubtful debts of approximately HK\$198,000 (2020: HK\$140,000)) and HK\$217,822,000 (2020: HK\$145,503,000) (net of allowance for doubtful debts of approximately HK\$3,047,000 (2020: HK\$14,536,000)).

#### **(e) Allowance for slow-moving inventories**

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

As at 31 March 2021, the carrying amount of inventories was approximately HK\$45,993,000 (2020: HK\$3,235,000) (net of allowance of HK\$197,000 (2020: HK\$88,000)).

#### **(f) Impairment of goodwill**

Determining whether goodwill is impaired requires the Group to assess the recoverable amount of the CGUs to which goodwill has been allocated. The recoverable amount is the higher of fair value less costs of disposal and the value-in-use. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected or when there is a revision to the estimated future cash flows due to changes in fact or circumstances, a material impairment loss on goodwill may arise.

As at 31 March 2021, the carrying amount of goodwill was approximately HK\$4,189,000 (2020: HK\$6,597,000). Impairment loss of goodwill amounting to approximately HK\$2,408,000 (2020: HK\$15,402,000) has been recognised in profit or loss for the year ended 31 March 2021, details of which are disclosed in note 23.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, interest rate risk, liquidity risk and price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### (a) Foreign currency risk

The functional currency of the Group is denominated in HK\$. The Group has certain exposure to foreign currency risk as some of its transactions, assets and liabilities are denominated in United States dollars ("US\$") and Renminbi ("RMB").

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The directors of the Company are of the opinion that the US\$ is pegged against HK\$ and the risk of movements in exchange rates between US\$ and HK\$ to be insignificant. Accordingly, no sensitivity analysis is performed on the movements in exchange rates between US\$ and HK\$.

No sensitivity analysis has been performed on the Group's financial assets and liabilities denominated in RMB as the directors of the Company are of opinion that they are not material to the Group.

#### (b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and loan and interest receivable) and from its financing activities, including deposits with banks and other financial institution, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from bank and cash balances is limited because the counterparties are banks with high credit rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

The Group has concentration of credit risk in certain customers. As at 31 March 2021, the 4 (2020: 5) largest trade debtors were approximately HK\$16,540,000 (2020: HK\$337,000) or approximately 84% (2020: 87%) of the Group's total trade receivables. The group seeks to minimise its risk by dealing with counterparties which have good credit history.

#### ***Trade receivables***

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 90 days (2020: 90 days) from the date of billing. Normally, the Group does not obtain collateral from customers other than the clients of money lending business.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 6. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk (continued)

##### *Trade receivables (continued)*

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables, as at 31 March 2021 and 2020:

	<b>Expected loss rate %</b>	<b>2021 Gross carrying amount HK\$'000</b>	<b>Loss allowance HK\$'000</b>
Current (not past due)	<b>0.1%</b>	<b>6,310</b>	<b>6</b>
1 – 90 days past due	<b>0.4%</b>	<b>10,795</b>	<b>48</b>
91 – 180 days past due	<b>3.2%</b>	<b>2,401</b>	<b>79</b>
More than 180 days past due	<b>61.9%</b>	<b>105</b>	<b>65</b>
		<b>19,611</b>	<b>198</b>
		2020	
	<b>Expected loss rate %</b>	<b>Gross carrying amount HK\$'000</b>	<b>Loss allowance HK\$'000</b>
Current (not past due)	–	85	–
1 – 90 days past due	–	70	–
91 – 180 days past due	–	95	–
More than 180 days past due	100%	140	140
		390	140

Expected loss rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the trade receivables.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 6. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk (continued)

##### *Trade receivables (continued)*

Movement in the loss allowance for trade receivables during the year is as follows:

	2021 HK\$'000	2020 HK\$'000
At 1 April	140	2,874
Reversal of ECL	–	(2,874)
Provision for ECL	58	140
At 31 March	<b>198</b>	140

##### *Loan and interest receivables*

As at 31 March 2021, the Group lent the loan of approximately HK\$212,914,000 (2020: HK\$156,574,000) to independent third parties.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approval and other monitoring procedures to ensure that follow-up action is taken for the recoverable amount of the loan receivables. In addition, the Group reviews the recoverable amount of each individual's loan receivables at the end of each reporting period to ensure that adequate impairment loss is made for irrecoverable amounts. As at 31 March 2021, the loan receivable of approximately HK\$106,574,000 (2020: HK\$106,574,000) were secured by the unlisted equity shares of certain People Republic of China ("PRC") companies; and the loan receivables of HK\$50,000,000 (2020: HK\$50,000,000) was secured by the corporate guarantee from certain PRC companies. The remaining balance of loan receivables were unsecured.

The following table provides information about the Group's exposure to credit risk and ECLs for loan and interest receivable as at 31 March 2021 and 2020:

	2021 Expected loss rate %	2021 Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	1%	<b>220,869</b>	<b>3,047</b>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 6. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk (continued)

##### *Loan and interest receivables (continued)*

	Expected loss rate %	2020 Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	9.1%	<u>160,039</u>	<u>14,536</u>

Movements in the loss allowance for loan and interest receivables during the year is as follows:

	2021 HK\$'000	2020 HK\$'000
At 1 April	<b>14,536</b>	654
Written-off	<b>(2,656)</b>	–
(Reversal of)/provision for ECLs	<b>(8,833)</b>	13,882
At 31 March	<b><u>3,047</u></b>	<u>14,536</u>

#### (c) Interest rate risk

The Group's loan receivables, loan payable, lease liabilities and unconvertible bonds bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to cash flow interest-rate risk arises from its bank balances. These bank balances bear interests at variable rates that varied with the then prevailing market condition.

Except as stated above, the Group does not have other significant interest-bearing assets and liabilities at the end of reporting period, its income and operating cash flows are substantially independent of changes in market interest rates.

Sensitivity analysis on cash flow interest-rate risk has not been presented as the reasonably possible changes in market interest rate will not have significant impact on the Group's consolidated financial statements.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 6. FINANCIAL RISK MANAGEMENT (continued)

#### (d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the end of reporting period) and the earliest date the Group can be required to pay:

	On demand HK\$'000	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total HK\$'000
<b>At 31 March 2021</b>					
<b>Financial liabilities subject to a repayment on demand clause</b>					
Other payables and accruals	1,309	-	-	-	1,309
Loan and interest payables	646	-	-	-	646
<b>Financial liabilities not subject to a repayment on demand clause</b>					
Trade payables	-	869	-	-	869
Loan and interest payables	-	6,049	-	-	6,049
Other payables and accruals	-	9,149	-	-	9,149
Unconvertible bonds	-	500	500	20,500	21,500
Lease liabilities	-	397	-	-	397
	On demand HK\$'000	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total HK\$'000
<b>At 31 March 2020</b>					
<b>Financial liabilities subject to a repayment on demand clause</b>					
Other payables and accruals	555	-	-	-	555
Loan and interest payables	618	-	-	-	618
<b>Financial liabilities not subject to a repayment on demand clause</b>					
Trade payables	-	1,506	-	-	1,506
Loan and interest payables	-	5,566	-	-	5,566
Other payables and accruals	-	3,507	-	-	3,507
Unconvertible bonds	-	500	500	11,000	12,000
Lease liabilities	-	1,217	397	-	1,614



## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 6. FINANCIAL RISK MANAGEMENT (continued)

#### (e) Price risk

The Group is exposed to equity price risk mainly through its investment in equity securities classified as financial assets at FVTOCI (note 24). The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities quoted on the Stock Exchange.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 5% (2020: 5%) higher/lower, with all other variables held constant, profit for the year ended 31 March 2021 and accumulated losses would have decreased/increased by approximately HK\$1,154,000 (2020: HK\$934,000).

#### (f) Categories of financial instruments at 31 March

	2021 HK\$'000	2020 HK\$'000
<b>Financial assets:</b>		
Financial assets at FVTOCI	23,075	18,686
Financial assets at amortised cost	<u>239,389</u>	<u>155,822</u>
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost	<u>33,876</u>	<u>21,619</u>

#### (g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values at 31 March 2021 and 2020.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 7. FAIR VALUE MEASUREMENTS

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, that is, unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, that is, observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

#### Disclosures of level in fair value hierarchy at 31 March:

Description	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Recurring fair value measurements:</b>				
<b>Financial assets</b>				
Financial assets at FVTOCI				
– Listed equity securities	<b>23,075</b>	–	–	<b>23,075</b>

Description	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Recurring fair value measurements:</b>				
<b>Financial assets</b>				
Financial assets at FVTOCI				
– Listed equity securities	<b>18,686</b>	–	–	<b>18,686</b>

During the year ended 31 March 2021, there were no transfers in the fair value hierarchy between Level 1 and Level 2, or transfers into or out of Level 3 (2020: Nil).

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 8. REVENUE

- (i) Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2021 HK\$'000	2020 HK\$'000
<b>Continuing operations</b>		
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Sales of Jewelry	<u>86,889</u>	<u>77,197</u>
<b>Revenue from other sources</b>		
Interest income from Money Lending	<u>18,762</u>	<u>13,347</u>
	<b><u>105,651</u></b>	<b><u>90,544</u></b>

	2021 HK\$'000	2020 HK\$'000
<b>Discontinued operation</b>		
<b>Revenue from contracts with customers with the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
– Provision of Financial Advisory and Intermediary Services	–	249
– Provision of Asset Management Services	–	39
	<u>–</u>	<u>288</u>

- (ii) Disaggregation by timing of revenue recognition within the scope of HKFRS 15

	2021 HK\$'000	2020 HK\$'000
<b>Continuing operations</b>		
– At a point in time	<u>86,889</u>	<u>77,197</u>

	2021 HK\$'000	2020 HK\$'000
<b>Discontinued operation</b>		
– Over time	–	39
– At a point in time	–	249
	<u>–</u>	<u>288</u>

As at 31 March 2021, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied was approximately HK\$16,339,000 (2020: HK\$19,699,000).

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 9. SEGMENT INFORMATION

#### (a) Business segments

The Group's operating and reportable segments which are based on the types of products sold and services rendered are as follows:

#### Continuing operations

Design, OEM and Marketing of Jewelry: design of jewelry, OEM and sales and marketing of jewelry

Money Lending: provision of loans as money lending

#### Discontinued operation

Financial Services (Note): provision of financial advisory, intermediary and asset management services

Note: This segment has been discontinued in May 2019.

#### Segment revenue and result

The following is an analysis of the Group's revenue and results by reporting segments:

#### For the year ended 31 March 2021

	Design, OEM and Marketing of Jewelry HK\$'000	Money Lending HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	86,889	18,762	105,651
Revenue from external customers	<u>86,889</u>	<u>18,762</u>	<u>105,651</u>
Net segment result:			
Segment result	(3,377)	2,957	(420)
Impairment loss on goodwill	(2,408)	-	(2,408)
Net segment result	<u>(5,785)</u>	<u>2,957</u>	<u>(2,828)</u>
Other unallocated income			9,201
Other unallocated expenses			(638)
Finance costs			<u>(1,264)</u>
Profit before tax			4,471
Income tax expense			<u>(24)</u>
Profit for the year			<u>4,447</u>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 9. SEGMENT INFORMATION (continued)

#### (a) Business segments (continued)

##### *Segment revenue and result (continued)*

For the year ended 31 March 2020

	Continuing operations			Discontinued operation	
	Design, OEM and Marketing of Jewelry HK\$'000	Money Lending HK\$'000	Sub-total HK\$'000	Financial Services HK\$'000	Total HK\$'000
Segment revenue:					
Sales to external customers	77,197	13,347	90,544	288	90,832
Revenue from external customers	<u>77,197</u>	<u>13,347</u>	<u>90,544</u>	<u>288</u>	<u>90,832</u>
Net segment result:					
Segment result	5,312	(10,826)	(5,514)	(1,171)	(6,685)
Impairment loss on goodwill	(15,402)	-	(15,402)	-	(15,402)
Net segment result	<u>(10,090)</u>	<u>(10,826)</u>	<u>(20,916)</u>	<u>(1,171)</u>	<u>(22,087)</u>
Other unallocated income			12,723	-	12,723
Change in fair value of financial assets at FVTPL			(12,149)	-	(12,149)
Gain on disposal of interest in an associate classified as held-for-sale			11,884	-	11,884
Gain on disposal of subsidiaries			-	67	67
Other unallocated expenses			(17,399)	(463)	(17,862)
Finance costs			(1,113)	(19)	(1,132)
Loss before tax			(26,970)	(1,586)	(28,556)
Income tax expense			(855)	-	(855)
Loss for the year			<u>(27,825)</u>	<u>(1,586)</u>	<u>(29,411)</u>

Segment profit or loss represents profit or loss from each segment without allocation of certain other income, central administrative costs, directors' emoluments and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 9. SEGMENT INFORMATION (continued)

#### (a) Business segments (continued)

##### *Segment assets and liabilities*

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

**As at 31 March 2021**

	<b>Design, OEM and Marketing of Jewelry HK\$'000</b>	<b>Money Lending HK\$'000</b>	<b>Total HK\$'000</b>
Assets and liabilities:			
Segment assets			
– Hong Kong	<b>115,646</b>	<b>218,865</b>	<b>334,511</b>
	<b>115,646</b>	<b>218,865</b>	<b>334,511</b>
Financial assets at FVTOCI			<b>23,075</b>
Deferred tax assets			<b>600</b>
Unallocated corporate assets			<b>1,859</b>
Consolidated total assets			<b>360,045</b>
Segment liabilities:			
– Hong Kong	<b>20,256</b>	<b>212,700</b>	<b>232,956</b>
– Elimination of loan payables (Note)	<b>–</b>	<b>(212,700)</b>	<b>(212,700)</b>
	<b>20,256</b>	<b>–</b>	<b>20,256</b>
Unconvertible bonds			<b>16,145</b>
Loan and interest payables			<b>6,404</b>
Unallocated corporate liabilities			<b>7,803</b>
Consolidated total liabilities			<b>50,608</b>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 9. SEGMENT INFORMATION (continued)

#### (a) Business segments (continued)

##### *Segment assets and liabilities (continued)*

As at 31 March 2020

	Design, OEM and Marketing of Jewelry HK\$'000	Money Lending HK\$'000	Total HK\$'000
Assets and liabilities:			
Segment assets			
– Hong Kong	<u>171,210</u>	<u>146,545</u>	<u>317,755</u>
	<u>171,210</u>	<u>146,545</u>	317,755
Financial assets at FVTOCI			18,686
Deferred tax assets			616
Unallocated corporate assets			<u>5,517</u>
Consolidated total assets			<u>342,574</u>
Segment liabilities:			
– Hong Kong	22,154	148,800	170,954
– Elimination of loan payables (note)	<u>–</u>	<u>(148,600)</u>	<u>(148,600)</u>
	<u>22,154</u>	<u>200</u>	22,354
Unconvertible bonds			10,158
Loan and interest payables			5,893
Unallocated corporate liabilities			4,473
Income tax payable			<u>1,236</u>
Consolidated total liabilities			<u>44,114</u>

Note: The loan was made from the Money Lending segment of the Company to the subsidiary under negotiated terms. As at 31 March 2021, the carrying amount of loan was approximately HK\$212,700,000 (2020: HK\$148,600,000)

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 9. SEGMENT INFORMATION (continued)

#### (a) Business segments (continued)

##### *Segment assets and liabilities (continued)*

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

- all assets are allocated to reportable segments other than certain property, plant and equipment, financial assets at FVTOCI, certain other receivables, prepayments and deposits paid, income tax recoverable and deferred tax assets; and
- all liabilities are allocated to reportable segments other than certain other payables and accruals, loan and interest payables, income tax payable and unconvertible bonds.

##### *Other segment information*

In respect of the year ended 31 March 2021

	Design, OEM and Marketing of Jewelry HK\$'000	Money Lending HK\$'000	Total HK\$'000
<b>Other information of</b>			
Depreciation of property, plant and equipment	133	–	133
Depreciation of right-of-use assets	124	–	124
Provision for ECL on trade receivables	58	–	58
Reversal of ECL on loan and interest receivables	–	(8,833)	(8,833)
Loss on modification of loan receivables	–	10,215	10,215



## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 9. SEGMENT INFORMATION (continued)

#### (a) Business segments (continued)

##### *Other segment information (continued)*

In respect of the year ended 31 March 2020

	Continuing operations			Discontinued operation	
	Design, OEM and Marketing of Jewelry HK\$'000	Money Lending HK\$'000	Sub-total HK\$'000	Financial services HK\$'000	Total HK\$'000
<b>Other information of</b>					
Depreciation of property, plant and equipment	45	-	45	16	61
Depreciation of right-of-use assets	44	-	44	337	381
Reversal of ECL on trade receivables	(2,734)	-	(2,734)	-	(2,734)
Provision for ECL on loan and interest receivables	-	13,882	13,882	-	13,882
Additions to non-current assets	305	-	305	-	305

#### (b) Geographical information

The Group's continuing operations are mainly located in Hong Kong.

The geographic market of the Group's revenue is determined based on the location at which the services were provided or the goods were delivered, irrespective of the origin of customers. All services provided by the Group are in Hong Kong.

The non-current assets of the Group (other than financial assets at FVTOCI and deferred tax assets) by geographical areas determined based on the physical location of assets in the case of property, plant and equipment and right-of-use assets; and the location of the operations to which they are allocated, in the case of intangible assets and goodwill.

#### (c) Information about major customers

Revenues from customers contributing over 10% of the total revenue of the Group are as follows:

	Revenue generated from	2021 HK\$'000	2020 HK\$'000
Customer A	Design, OEM and Marketing of Jewelry	33,335	24,300
Customer B	Design, OEM and Marketing of Jewelry	14,553	13,888
Customer C	Design, OEM and Marketing of Jewelry	10,909	9,913

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 10. OTHER INCOME

	2021 HK\$'000	2020 HK\$'000
<b>Continuing operations</b>		
Bank interest income	1	7
Government subsidies (note)	775	–
Others	1	85
	<u>777</u>	<u>92</u>

Note: The amount represents the receipts from Employment Support Scheme and Retail Sector Subsidy from the Anti-epidemic Fund provided by the Hong Kong government. The conditions of the government grant were fulfilled during the year ended 31 March 2021.

### 11. OTHER GAINS AND LOSSES, NET

	2021 HK\$'000	2020 HK\$'000
<b>Continuing operations</b>		
Other gains:		
Gain on disposal of interest in an associate classified as held for sale	–	11,884
Gain on disposal of property, plant and equipment	5,000	–
Imputed interest income of unconvertible bond on initial recognition	3,716	–
	<u>8,716</u>	<u>11,884</u>
Other losses:		
Change in fair value on financial asset at FVTPL	–	(12,149)
Loss on modification of loan receivables	(10,215)	–
Impairment loss recognised on:		
– goodwill	(2,408)	(15,402)
– inventories	(109)	(88)
	<u>(12,732)</u>	<u>(27,639)</u>
	<u>(4,016)</u>	<u>(15,755)</u>

### 12. REVERSAL OF/(PROVISION FOR) ECLs ON TRADE RECEIVABLES AND LOAN AND INTEREST RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
<b>Continuing operations</b>		
Reversal of/(provision for) ECLs on:		
– trade receivables	(58)	2,734
– loan and interest receivables	8,833	(13,882)
	<u>8,775</u>	<u>(11,148)</u>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 13. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
<b>Continuing operations</b>		
Interest on loan payables	511	512
Imputed interest on unconvertible bonds	703	500
Interest on lease liabilities	50	101
	<u>1,264</u>	<u>1,113</u>
<b>Discontinued operation</b>		
Interest on lease liabilities	–	19
	<u>–</u>	<u>19</u>

### 14. PROFIT/(LOSS) BEFORE TAX

	2021 HK\$'000	2020 HK\$'000
<b>Continuing operations</b>		
Staff costs (including directors' emoluments)		
– Directors' fees, staff salaries and allowances	8,863	9,623
– Retirement benefits contributions	255	230
– Equity-settled share-based payment	2,199	–
	<u>11,317</u>	<u>9,853</u>
Total staff costs	11,317	9,853
Auditors' remuneration	580	800
Cost of inventories sold	82,145	69,814
Depreciation of property, plant and equipment	236	275
Depreciation of right-of-use assets	1,145	1,065
Loss on modification of loan receivables	10,215	–
Short-term lease payment	121	376
	<u>113,459</u>	<u>111,373</u>
<b>Discontinued operation</b>		
Staff costs (including directors' emoluments)		
– Directors' fees, staff salaries and allowances	–	957
– Retirement benefits contributions	–	30
	<u>–</u>	<u>987</u>
Total staff costs	–	987
Other service costs	–	13
Depreciation of property, plant and equipment	–	16
Depreciation of right-of-use assets	–	337
	<u>–</u>	<u>366</u>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 15. BENEFITS AND INTEREST OF DIRECTORS

#### (a) Directors' emoluments

Aggregate emoluments paid to or payable to by directors in respect of their services as directors, whether of the Company or its subsidiary undertaking.

The remuneration of every director is set out below:

#### For the year ended 31 March 2021

	Fees HK\$'000	Salary HK\$'000	Discretionary bonus HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Equity-settled share-based payment expense HK\$'000	Total HK\$'000
<b>Executive Directors</b>						
Ms. Zhou Yaying	-	751	-	32	515	1,298
Mr. Wei Liang	-	240	-	12	-	252
Ms. Hong Jingjuan <sup>(Note 1)</sup>	-	150	-	8	-	158
Mr. Tang Wing Cheung Louis	-	240	-	12	-	252
<b>Independent</b>						
<b>Non-executive Directors</b>						
Mr. Tse Kwong Chan	120	-	-	-	-	120
Mr. Yiu To Wa	120	-	-	-	-	120
Mr. Lau Leong Yuen	120	-	-	-	-	120
Mr. Hong Hui Lung <sup>(Note 2)</sup>	13	-	-	-	-	13
	<b>373</b>	<b>1,381</b>	<b>-</b>	<b>64</b>	<b>515</b>	<b>2,333</b>

#### For the year ended 31 March 2020

	Fees HK\$'000	Salary HK\$'000	Discretionary bonus HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Equity-settled share-based payment expense HK\$'000	Total HK\$'000
<b>Executive Directors</b>						
Ms. Zhou Yaying	-	600	50	5	-	655
Mr. Wei Liang	-	240	-	12	-	252
Ms. Hong Jingjuan <sup>(Note 1)</sup>	-	300	-	15	-	315
Mr. Tang Wing Cheung Louis	-	240	-	12	-	252
<b>Independent</b>						
<b>Non-executive Directors</b>						
Mr. Tse Kwong Chan	120	-	-	-	-	120
Mr. Yiu To Wa	120	-	-	-	-	120
Mr. Lau Leong Yuen	120	-	-	-	-	120
	<b>360</b>	<b>1,380</b>	<b>50</b>	<b>44</b>	<b>-</b>	<b>1,834</b>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 15. BENEFITS AND INTEREST OF DIRECTORS (continued)

#### (a) Directors' emoluments (continued)

Notes:

- 1 Ms. Hong Jingjuan retired on 29 September 2020.
- 2 Mr. Hong Hui Lung was appointed as independent non-executive director on 22 February 2021.

The executive directors' emoluments shown above were for their services in connection with 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.

None of the directors of the Company waived or agreed to waive any emoluments paid by the Group. No emoluments have been paid by the Group to the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2021 and 2020.

#### (b) Directors' retirement benefits and termination benefits

No directors received or will receive any retirement benefits or termination benefits during the year ended 31 March 2021 (2020: Nil).

#### (c) Consideration provided to third parties for making available directors' services

During the year ended 31 March 2021, the Company does not pay any consideration to any third parties for making available directors' services (2020: Nil).

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

As at 31 March 2021, there are no loans, quasi-loans and other dealing arrangements entered into by the Company or its subsidiaries undertaking of the Company in favour of directors, controlled bodies corporate by and controlled entities with such directors (2020: Nil).

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

Save as disclosed in note 41 to the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 16. EMPLOYEES' EMOLUMENTS

The Group has participated in defined contribution retirement schemes established under Mandatory Provident Fund Ordinance ("MPF Schemes") for its employees in Hong Kong. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the MPF Schemes, each of the employer and its employees are generally required to make contributions to the schemes at 5% (2020: 5%) of the employee's relevant monthly income, subject to a cap of monthly relevant income of HK\$30,000 (2020: HK\$30,000). Contributions to the plan vest immediately.

The employees of PRC subsidiaries of the Company are members of state-managed retirement benefits schemes operated by the PRC Government. The PRC 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 retirement benefits schemes is to make the required contributions under the schemes.

No forfeited contributions were recognised for the year ended 31 March 2021 (2020: Nil) and there were no material forfeitures available to reduce the Group's future contributions as at 31 March 2021 and 2020.

Of the five individuals with the highest emoluments in the Group, one (2020: one) was a director of the Company whose emoluments are included in note 15(a) to the consolidated financial statements. The emoluments of the remaining four (2020: four) individuals were as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Salaries, allowances and benefits in kind	<b>3,926</b>	4,019
Contributions to retirement benefits schemes	<b>65</b>	54
	<b>3,991</b>	4,073

The emoluments of the remaining four (2020: four) individuals fell within the following bands:

	<b>2021</b>	2020
HK\$500,000 to HK\$1,000,000	<b>3</b>	3
HK\$1,000,001 to HK\$1,500,000	<b>1</b>	1
	<b>4</b>	4

No emoluments have been paid by the Group to the highest paid individuals of the Group as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2021 and 2020.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 17. INCOME TAX EXPENSE

	2021 HK\$'000	2020 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	–	486
Under – provision for prior years	<u>8</u>	<u>–</u>
	<b>8</b>	486
Deferred tax (note 35)	<u>16</u>	<u>369</u>
Income tax expense	<u><b>24</b></u>	<u>855</u>

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%.

Under the law of the PRC on Enterprise Income Tax (the “EIT law”) and implementation regulation of the EIT law, the tax rate of the Group’s subsidiary in the PRC is 25% (2020: 25%). No PRC income tax has been provided for the Group as the Group’s subsidiary in the PRC did not have any assessable profit for the years ended 31 March 2021 and 2020.

The reconciliation between the income tax expense and profit/(loss) before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2021 HK\$'000	2020 HK\$'000
<b>Continuing operations</b>		
Profit/(loss) before tax	<u>4,471</u>	<u>(26,970)</u>
Tax at the applicable rate of 16.5% (2020: 16.5%)	<b>738</b>	(4,450)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(31)</b>	(35)
Tax effect of income not taxable for tax purpose	<b>(3,431)</b>	(1,978)
Tax effect of expenses not deductible for tax purpose	<b>2,578</b>	4,942
Tax effect of tax losses not recognised	<b>192</b>	868
Tax effect of prior year’s tax losses utilised	<b>(422)</b>	–
Tax effect to unrecognised temporary differences	<b>415</b>	1,804
Recognised previously unrecognised deferred tax assets	–	(91)
Tax effect of adoption of two-tier profits tax rate	–	(165)
Tax reduction	<b>(23)</b>	(40)
Under-provision in prior years	<u>8</u>	<u>–</u>
Income tax expense	<u><b>24</b></u>	<u>855</u>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 17. INCOME TAX EXPENSE (continued)

	2020 HK\$'000
<b>Discontinued operation</b>	
Loss before tax	(1,586)
Tax at the applicable rate of 16.5% (2020: 16.5%)	(262)
Tax effect of income not taxable for tax purpose	(11)
Tax effect of expenses not deductible for tax purpose	80
Tax effect of tax losses not recognised	190
Tax effect of unrecognised temporary differences	3
	—

### 18. DISCONTINUED OPERATION

During the year ended 31 March 2020, the Company entered into four separate sales and purchase agreements to dispose of its entire interest of Maiden Faith Capital Group Limited and its subsidiaries (the “Disposal Group”) at a total consideration of HK\$14,350,000, which were engaging in Financial Services business (the “Disposal”). The purpose of the Disposal is to streamline the principal activities of the Group and to focus its resources in pursuing development opportunities on the businesses of Design, OEM and Marketing of Jewelry and Money Lending in order to strengthen the Group’s income stream and maximise return to the shareholders of the Company. The Disposal was completed on 31 May 2019, on which the date the Group lost control of the Disposal Group. The Group’s Financial Services business are treated as discontinued operation.

The loss from the discontinued operation for the preceding period is analysed as follows:

	From 1 April 2019 to 31 May 2019 HK\$'000
Loss of Financial Services business for the period	(1,653)
Gain on disposal of Financial Services business	67
	(1,586)



## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 18. DISCONTINUED OPERATION (continued)

The results of the Financial Services business for the preceding period were as follows:

	From 1 April 2019 to 31 May 2019 HK\$'000
Revenue	
– Provision of financial advisory and intermediary services	249
– Provision of asset management services	39
	<hr/>
Total revenue	288
Cost of services	(13)
	<hr/>
Gross profit	275
Administrative expenses	(1,572)
Depreciation of right-of-use assets	(337)
Finance costs	(19)
	<hr/>
Loss before tax	(1,653)
Income tax	–
	<hr/>
Loss for the period	<u>(1,653)</u>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 18. DISCONTINUED OPERATION (continued)

The net assets of Disposal Group at the date of the Disposal were as follows:

	HK\$'000
<b>Non-current assets</b>	
Property, plant and equipment	220
Right-of-use assets	1,972
Intangible assets	8,192
Statutory deposits	205
Deposits paid	614
	<hr/>
	11,203
<b>Current assets</b>	
Trade receivables	12
Other receivables	252
Client trust bank	1,510
Bank balance and cash	8,880
	<hr/>
	10,654
<b>Current liabilities</b>	
Trade payables	1,511
Other payables and accruals	4,224
Lease liabilities	1,980
	<hr/>
	7,715
<b>Net assets</b>	14,142
Gain on disposal	67
Transaction cost	141
	<hr/>
Total consideration	<b>14,350</b>
Satisfied by:	
Cash	11,763
Other receivables	2,587
	<hr/>
	14,350
	<hr/>
	HK\$'000
Net cash inflow arising on the Disposal:	
Cash consideration received	11,763
Transaction costs paid	(141)
Bank balances and cash disposed of	(8,880)
	<hr/>
	2,742
	<hr/>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 18. DISCONTINUED OPERATION (continued)

Cash flows from the Disposal Group:

	From 1 April 2019 to 31 May 2019 HK\$'000
Net cash inflows from operating activities	267
Net cash inflows from investing activities	2,742
Net cash outflows from financing activities	(348)
	<hr/>
Net cash inflows for the period	2,661
	<hr/>

### 19. DIVIDEND

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

### 20. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is as follows:

	2021 HK\$'000	2020 HK\$'000
<b>Earnings/(loss)</b>		
Profit/(loss) for the purpose of basic and diluted earnings/(loss) per share		
Profit/(loss) for the year attributable to owners of the Company		
– Continuing operations	4,447	(27,825)
– Discontinued operation	–	(1,586)
	<hr/>	<hr/>
	4,447	(29,411)
	<hr/>	<hr/>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	624,638	597,486
Effect of dilutive potential ordinary share arising from share options	46,889	–
Weighted average number of shares that would have been issued at average market prices	(21,196)	–
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	650,331	597,486
	<hr/>	<hr/>

No diluted loss per share for 2020 was presented as there was no potential ordinary shares in issue for the year ended 31 March 2020.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 21. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and office equipment HK\$'000	Motor vehicles HK\$'000	Motor vessel HK\$'000	Total HK\$'000
<b>COST</b>					
At 1 April 2019	847	831	2,047	14,000	17,725
Additions	239	66	–	–	305
Disposal of subsidiaries	–	(497)	–	–	(497)
	<u>1,086</u>	<u>400</u>	<u>2,047</u>	<u>14,000</u>	<u>17,533</u>
At 31 March 2020 and 1 April 2020	1,086	400	2,047	14,000	17,533
Disposals	–	–	–	(14,000)	(14,000)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(14,000)</u>	<u>(14,000)</u>
<b>At 31 March 2021</b>	<b><u>1,086</u></b>	<b><u>400</u></b>	<b><u>2,047</u></b>	<b><u>–</u></b>	<b><u>3,533</u></b>
<b>ACCUMULATED DEPRECIATION</b>					
At 1 April 2019	600	508	2,047	14,000	17,155
Depreciation provided for the year	212	79	–	–	291
Disposal of subsidiaries	–	(277)	–	–	(277)
	<u>812</u>	<u>310</u>	<u>2,047</u>	<u>14,000</u>	<u>17,169</u>
At 31 March 2020 and 1 April 2020	812	310	2,047	14,000	17,169
Depreciation provided for the year	196	40	–	–	236
Elimination on disposals	–	–	–	(14,000)	(14,000)
	<u>196</u>	<u>40</u>	<u>–</u>	<u>(14,000)</u>	<u>236</u>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(14,000)</u>	<u>(14,000)</u>
<b>At 31 March 2021</b>	<b><u>1,008</u></b>	<b><u>350</u></b>	<b><u>2,047</u></b>	<b><u>–</u></b>	<b><u>3,405</u></b>
<b>CARRYING AMOUNT</b>					
<b>At 31 March 2021</b>	<b><u>78</u></b>	<b><u>50</u></b>	<b><u>–</u></b>	<b><u>–</u></b>	<b><u>128</u></b>
At 31 March 2020	274	90	–	–	364
	<u>274</u>	<u>90</u>	<u>–</u>	<u>–</u>	<u>364</u>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 22. RIGHT-OF-USE ASSETS

	<b>Leased properties</b> HK\$000
At 1 April 2019	4,641
Additions	249
Depreciation	(1,402)
Disposal of subsidiaries	<u>(1,972)</u>
At 31 March 2020 and 1 April 2020	1,516
Depreciation	<u>(1,145)</u>
At 31 March 2021	<u>371</u>

Lease liabilities of approximately HK\$393,000 (2020: HK\$1,560,000) are recognised with related right-of-use assets of approximately HK\$371,000 (2020: HK\$1,516,000) 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.

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Depreciation expenses on right-of-use assets	<b>1,145</b>	1,402
Interest expense on lease liabilities (included in finance costs)	<b>50</b>	101
Expenses relating to short-term lease (included in administrative expenses)	<b>121</b>	376

Details of total cash outflow for leases is set out in note 40(c) to the consolidated financial statements.

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 2 years to 3 years (2020: 2 years to 3 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, the Group reassesses whether it is reasonably certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 March 2021 and 2020, there has been no such triggering event.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 23. GOODWILL

	2021 HK\$'000	2020 HK\$'000
COST		
At 1 April	93,272	94,647
Disposal of subsidiaries	–	(1,375)
At 31 March	<b>93,272</b>	93,272
ACCUMULATED IMPAIRMENT		
At 1 April	86,675	72,648
Eliminated on disposal of subsidiaries	–	(1,375)
Impairment loss recognised in respect of: – Design, OEM and Marketing of Jewelry business	<b>2,408</b>	15,402
At 31 March	<b>89,083</b>	86,675
CARRYING AMOUNT AT THE END OF THE YEAR	<b>4,189</b>	6,597

Goodwill has been allocated for impairment testing purposes to the Design, OEM and Marketing of Jewelry business and Money Lending business.

The carrying amount of goodwill was allocated to business segments of CGUs as follows:

	2021 HK\$'000	2020 HK\$'000
Design, OEM and Marketing of Jewelry business	3,189	5,597
Money Lending business	1,000	1,000
	<b>4,189</b>	6,597

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 23. GOODWILL (continued)

#### Design, OEM and Marketing of Jewelry business

Goodwill of approximately HK\$28,524,000 arose from the acquisition of 100% equity interest in Elite Honest Inc. (“Elite Honest”) and was recognised at the date of acquisition. Elite Honest, through its wholly-owned subsidiary, is principally engaged in the design, OEM and marketing of jewelry business.

The recoverable amount of the CGU of this Design, OEM and Marketing of Jewelry business has been determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period (2020: five-year period) with growth rates of 24% (2020: 38%) per annum for the first year, 53% (2020: 146%) per annum for the second year, 5% (2020: 2%) per annum for the third year, 5% (2020: 2%) per annum for the fourth year, 5% (2020: 2%) per annum for the fifth year, with a terminal value of approximately HK\$17,000,000 (2020: HK\$17,000,000) estimated based on the growth rate of 2% (2020: 2.5%) (representing the expected inflation rate) after the five-year period (2020: five-year period) and at a pre-tax discount rate of 19.22% (2020: 15.20%). Other key assumptions for the value-in-use calculation relate to the estimation of cash inflows/outflows, including budgeted sales and gross margin, which is based on the past performance of the CGU and management’s expectations for the market development.

Based on the impairment assessment, impairment loss on goodwill amounted to approximately HK\$2,408,000 (2020: HK\$15,402,000) was recognised by the Group and charged to profit or loss for the year ended 31 March 2021, which is calculated based on the recoverable amount of the CGU of the Design, OEM and Marketing of Jewelry business amounted to HK\$19,000,000 (2020: HK\$17,000,000). Accumulated impairment losses amounted to approximately HK\$25,335,000 (2020: HK\$22,927,000) at 31 March 2021 were recognised on goodwill allocated to Design, OEM and Marketing of Jewelry business.

#### Money Lending business

Goodwill of HK\$1,000,000 arose from the acquisition of 100% equity interest in Great Luck Finance Limited (“Great Luck”) and was recognised at the date of acquisition. Great Luck is principally engaged in provision of loans on money lending.

The recoverable amount of the CGU of the Money Lending business has been determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period (2020: five-year period) with growth rates of 0% (2020: 0%) per annum for the first year, 0% (2020: 0%) per annum for the second to fifth year, with a terminal value of approximately HK\$13,000,000 (2020: HK\$13,000,000) estimated based on the growth rate of 0% (2020: 0%) after the five-year period (2020: five-year period) and at a pre-tax discount rate of 6.5% (2020: 10.5%). Other key assumptions for the value-in-use calculation relate to the estimation of cash inflows/outflows, including budgeted interest income which is based on the past performance of the CGU and management’s expectations for the market development.

Based on the impairment assessment, the directors consider that there is no impairment of goodwill (2020: Nil) for the year ended 31 March 2021 based on the financial performance of Money Lending business to which the goodwill relates which is calculated based on the recoverable amount of the CGU of the Money Lending business amounted to HK\$28,000,000 (2020: HK\$11,000,000).

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 24. FINANCIAL ASSETS AT FVTOCI

	2021 HK\$'000	2020 HK\$'000
Listed equity securities	<b>23,075</b>	18,686

As at 31 March 2021 and 2020, the fair value of listed equity securities are determined based on the quoted market closing prices available on the Stock Exchange.

The investment is not held for trading, instead, its is held for long-term strategic purpose.

During the year ended 31 March 2020, certain investments in equity instruments measured at FVTOCI have been sold due to risk management consideration. The fair value of the investments at the date of derecognition was HK\$4,659,000 and its cumulative loss on disposal was HK\$1,183,000. There was no disposal of investments in equity instruments unsecured at FVTOCI during the year ended 31 March 2021.

### 25. INVENTORIES

	2021 HK\$'000	2020 HK\$'000
Goods held for sales	<b>45,993</b>	3,235

### 26. TRADE RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables		
– Design, OEM and Marketing of Jewelry business	<b>19,611</b>	390
Less: allowance for ECLs	<b>(198)</b>	(140)
	<b>19,413</b>	250

The Group has a policy of allowing credit period of 90 days (2020: 90 days) to its trade customers. The Group does not hold any collateral over the balances.



## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 26. TRADE RECEIVABLES (continued)

An aging analysis of trade receivables, net of impairment loss recognised, at the end of reporting period, based on the invoice date, is as follows:

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Within 3 months	<b>6,811</b>	85
4 to 6 months	<b>10,240</b>	–
Over 6 months	<b>2,362</b>	165
	<b>19,413</b>	250

At 31 March 2021 and 2020, the trade receivables were denominated in HK\$.

### 27. LOAN AND INTEREST RECEIVABLES

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Loan receivables	<b>212,914</b>	156,574
Interest receivables	<b>7,955</b>	3,465
Less: allowance for ECLs	<b>(3,047)</b>	(14,536)
	<b>217,822</b>	145,503
Less: non-current portion	<b>(163,401)</b>	(46,623)
	<b>54,421</b>	98,880

Included in the gross balances are loans of approximately HK\$106,574,000 (2020: HK\$106,574,000) which were secured by unlisted equity shares of certain PRC companies, and approximately HK\$50,000,000 (2020: HK\$50,000,000) was secured by corporate guarantee from certain PRC companies. The remaining balance was unsecured.

At 31 March 2021, the loan receivables arising from Money Lending business with fixed interest rate ranging from 6% to 16% (2020: 10% to 18%) per annum on principal amount, are repayable quarterly. The effective interest rates of the loan receivables range from 5.8% to 11.5% (2020: 10.4% to 18%) per annum.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 27. LOAN AND INTEREST RECEIVABLES (continued)

The maturity profile of these loan and interest receivables from customers, at the end of the reporting period, net of allowance of ECL, analysed by remaining periods to their contracted maturity, is as follow:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Repayable:		
On demand and within 3 months	<b>6,939</b>	744
Over 3 months but less than 1 year	<b>47,482</b>	98,136
Over 1 year but less than 2 years	<b>163,401</b>	46,623
	<hr/> <b>217,822</b>	<hr/> 145,503

During the year ended 31 March 2020, loans with aggregate principal amount of HK\$3,000,000 which were scheduled to be repaid in January 2020 has been early repaid. The Group has made new loans with aggregate principal amount of HK\$64,100,000 (2020: HK\$98,000,000) during the year.

The loan receivables outstanding as at 31 March 2021 and 2020 are denominated in HK\$.

### 28. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS PAID

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Other receivables	<b>85</b>	2,605
Prepayments	<b>10</b>	10
Deposits paid (note)	<b>46,719</b>	155,758
	<hr/> <b>46,814</b>	<hr/> 158,373
Deduct: non-current portion	<hr/> –	<hr/> (503)
	<hr/> <b>46,814</b>	<hr/> 157,870

Note:

As at 31 March 2021, included in the deposits paid of approximately HK\$46,186,000 (2020: HK\$155,225,000) are trade deposit paid to suppliers for design, OEM and marketing of Jewelry business.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 29. CASH DEPOSITS HELD BY SECURITIES BROKERS AND BANK BALANCES AND CASH

Bank balances and cash and cash deposits held by securities brokers comprise cash held by the Group and deposits with banks and securities brokers with an original maturity of three months or less.

At 31 March 2021 and 2020, the cash deposits held by securities brokers were denominated in HK\$.

At 31 March 2021 and 2020, the bank balances and cash were denominated in the following currencies:

	2021 HK\$'000	2020 HK\$'000
RMB	16	20
US\$	1	28
HK\$	<u>1,517</u>	<u>7,385</u>
	<u>1,534</u>	<u>7,433</u>

The RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

### 30. TRADE PAYABLES

	2021 HK\$'000	2020 HK\$'000
Trade payables	<u>869</u>	<u>1,506</u>

Trade payables related to Design, OEM and Marketing of Jewelry business with credit period on purchase of goods ranges from 30 to 180 days (2020: 30 to 180 days).

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2021 HK\$'000	2020 HK\$'000
Within 90 days	640	1,298
Over 180 days	<u>229</u>	<u>208</u>
	<u>869</u>	<u>1,506</u>

At 31 March 2021 and 2020, the trade payables were denominated in HK\$ and the carrying amounts of trade payable approximate to their fair value.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 31. LOAN AND INTEREST PAYABLES

	2021 HK\$'000	2020 HK\$'000
Unsecured loans	5,150	5,150
Accrued interest	1,254	743
	<b>6,404</b>	<b>5,893</b>

At 31 March 2021, the unsecured loans are dominated in HK\$, with principal of HK\$550,000 (2020: HK\$550,000) and HK\$4,600,000 (2020: HK\$4,600,000) bearing fixed interest rate at 5% and 10.5% (2020: 5% and 10.5%) per annum respectively. The unsecured loans of HK\$550,000 and HK\$4,600,000 with the accrued interest are repayable on demand and repayable in November 2021 (2020: November 2020) respectively.

The unsecured loan, with principal of HK\$550,000 (2020: HK\$550,000) and accrued interest of approximately HK\$96,000 (2020: HK\$68,000) was financed by a former director of the Company, Chen Tong.

### 32. OTHER PAYABLES AND ACCRUALS

	2021 HK\$'000	2020 HK\$'000
Other accrued charges and payables (Note a)	10,458	4,062
Contract liabilities (Note b)	16,339	19,699
	<b>26,797</b>	<b>23,761</b>

As at 31 March 2021 and 2020, all of the other payables and accruals are expected to be settled or recognised as income within one year or are payable on demand.

Notes:

(a) The amount includes the amount due to a director of the Company, Ms. Zhou Yaying, amounted to approximately HK\$1,309,000 (2020: HK\$555,000), which is unsecured, interest-free and repayable on demand.

(b) **Contract liabilities**

**Movements in contract liabilities**

	2021 HK\$'000	2020 HK\$'000
Balance at 1 April	19,699	355
Decrease as a result of recognising revenue during the year	(19,699)	(39)
Decrease as a result of disposal of subsidiaries	-	(316)
Increase as a result of deposits received from customers for the purchase of jewelry products	16,339	19,699
Balance at 31 March	<b>16,339</b>	<b>19,699</b>

**Income from design, OEM, and marketing of Jewelry business**

The Group receives a designated amount of the contract value from customers in advance. The advances result in contract liabilities being recognised until the customer obtains control of a promised jewelry products and the Group satisfies a performance obligation.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 33. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Within one year	397	1,217	393	1,167
In the second to fifth years, inclusive	–	397	–	393
	<u>397</u>	<u>1,614</u>	<u>393</u>	<u>1,560</u>
Less: Future finance charges	(4)	(54)	N/A	N/A
Present value of lease obligations	<u>393</u>	<u>1,560</u>	<u>393</u>	<u>1,560</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)			<u>(393)</u>	<u>(1,167)</u>
Amount due for settlement after 12 months			<u>–</u>	<u>393</u>

All lease liabilities are denominated in HK\$.

The incremental borrowing rates applied to lease liabilities is 5.5% (2020: 5.5%).

### 34. UNCONVERTIBLE BONDS

	2021 HK\$'000	2020 HK\$'000
At 1 April	10,158	10,158
Proceeds from issue of an unconvertible bond	9,500	–
Imputed interest income on initial recognition	(3,716)	–
Imputed interest expense	703	500
Interest paid during the year	<u>(500)</u>	<u>(500)</u>
At 31 March	<u>16,145</u>	<u>10,158</u>
Represented by		
– Non-current	<u>16,145</u>	<u>10,158</u>

In December 2016, the Company issued an unconvertible bond with the aggregate principal amounts of HK\$10,000,000 giving rise to total proceeds of HK\$10,000,000, to provide working capital of the Group. The unconvertible bond, which is unsecured and wholly repayable by the Company on the maturity date of 5 December 2023. The effective interest rate applied to the unconvertible bond is 4.92% (2020: 4.92%) per annum.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 34. UNCONVERTIBLE BONDS (continued)

In September 2020, the Company issued another trench of unconvertible bond with the aggregate principal amounts of HK\$10,000,000, after deducting direct expenses of HK\$500,000, giving rise to net proceeds of HK\$9,500,000, to provide working capital of the Group. The unconvertible bond is unsecured and wholly repayable by the Company on the maturity date of 28 September 2028. The effective interest rate of applied to the unconvertible bond is 7.08% per annum.

The directors estimate the carrying amount of the unconvertible bond at the end of reporting period approximately to be its fair value.

### 35. DEFERRED TAX ASSETS

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current year:

	Fair value adjustment on business combination HK\$'000	Unused tax losses HK\$'000	ECLs provision HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 31 March 2019 and 1 April 2019	(1,351)	1,862	474	–	985
Disposal of subsidiaries (Charged)/credited to profit or loss (note 17)	1,351	(1,351)	–	–	–
	–	(9)	(451)	91	(369)
At 31 March 2020 and 1 April 2020	–	502	23	91	616
(Charged)/credited to profit or loss (note 17)	–	(15)	(12)	11	(16)
At 31 March 2021	–	487	11	102	600
				<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Deferred tax assets				<b>600</b>	<b>616</b>

As at 31 March 2021, the Group had unutilised tax loss carried forward to offset future taxable profits of approximately HK\$7,187,000 (2020: approximately HK\$8,661,000), which was not recognised as deferred income tax asset, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Included in unrecognised tax losses are losses of approximately HK\$2,337,000 (2020: HK\$2,419,000) that will expire on or before 2025, other losses may be carried forward indefinitely. At the end of the reporting period, the Group has deductible temporary differences of approximately HK\$3,251,000 (2020: HK\$12,718,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 36. SHARE CAPITAL

	Number of shares '000	Nominal amount HK\$'000
<b>Authorised:</b>		
<b>Ordinary shares of HK\$0.1 each at 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021</b>	<b>10,000,000</b>	<b>1,000,000</b>
	Number of shares '000	Nominal amount HK\$'000
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.1 each at 1 April 2019	567,853	56,785
Exercise of share options (note)	56,785	5,679
<b>Ordinary shares of HK\$0.1 each at 31 March 2020, 1 April 2020 and 31 March 2021</b>	<b>624,638</b>	<b>62,464</b>

Note:

During the year ended 31 March 2020, 56,785,250 options were exercised at the exercise price of HK\$0.36 per share, resulting in the issuance of 56,785,250 new shares of HK\$0.1 each. Proceeds from exercising the share options amounted HK\$20,443,000. HK\$5,679,000 was credited to share capital, HK\$18,227,000 was credited to share premium account, HK\$3,463,000 was fully debited to share option reserve.

All the new ordinary shares issued and allotted during ended 31 March 2020 presented rank pari passu in all respect with the then existing ordinary shares of the Company.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 37. CAPITAL RISK MANAGEMENT

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The externally imposed capital requirement for the Group is to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares.

The Company reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts.

The capital structure of the Group consists of net debt and equity attributable to owners of the Company. Net debt includes loan and interest payables and unconvertible bonds less bank balances and cash. Equity attributable to owners of the Company includes issued share capital and reserves.

During the year ended 31 March 2021, the Group's strategy, which was unchanged from prior year, was to maintain the debt equity ratio to be in a net cash position. The net debts as at 31 March 2021 and 2020 were as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Loan and interest payables	<b>6,404</b>	5,893
Unconvertible bonds	<b>16,145</b>	10,158
Less: Cash deposits held by securities brokers and bank balances and cash	<b>(1,536)</b>	(7,434)
Net debt	<b>21,013</b>	8,617
Equity attributable to owners of the Company	<b>309,437</b>	298,460
Capital and net debt	<b>330,450</b>	307,077
Gearing ratio	<b>6.36%</b>	2.81%



## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 38. SHARE OPTION SCHEME

On 30 August 2011, the Company adopted a new share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 29 September 2020, the scheme mandate limits of the Scheme were refreshed and renewed (the “Refreshment”).

A summary of the Scheme of the Company is as follows:

Purpose	To provide incentives and rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest (the “Invested Entity”).
Eligible participants	(i) any employee (whether full-time or part-time), executive directors, non-executive directors and independent non-executive directors of the Company or any of its subsidiaries or Invested Entity;  (ii) any supplier of goods or services to any member of the Group or any Invested Entity; any customer of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and  (iii) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.
Total number of ordinary shares available for issue under the Scheme and the percentage of the issued share capital that it represents as at the date of this annual report	62,463,775 ordinary shares in the share capital of the Company, representing 10% of the issued share capital are available for issue under the Scheme as at the date of this annual report.
Maximum entitlement of each eligible participant	Where any grant or further grant of options to an eligible participant would result in the total number of shares issued and to be issued upon exercise of all the options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such grant or further grant representing in aggregate over 1% of the total number of shares in issue, such grant or further grant must be separately approved by the shareholders in a general meeting.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 38. SHARE OPTION SCHEME (continued)

Where any grant or further grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including exercised, cancelled and outstanding options) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of shares in issue; and
- (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5,000,000,

such grant or further grant of options must be approved by the shareholders in a general meeting.

Period within which the securities must be taken up under an option	An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall end in any event not later than 10 years from the date of offer of the grant of options subject to the provisions for early termination set out in the Scheme.
Minimum period for which an option must be held before it can be exercised	There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the directors.
Amount payable on acceptance of the option and the period within which such payment must be made	The offer of a grant of share options may be accepted within 28 days from the date of offer with a consideration of HK\$1.00 being payable by the grantee.
Exercise price	Determined by the directors but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets on the date of offer of the grant of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the grant of options; and (iii) the nominal value of an ordinary share.
Remaining life of the Scheme	The Scheme will remain in force until 29 August 2021, subject to the provisions for early termination set out in the Scheme.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 38. SHARE OPTION SCHEME (continued)

Details of the share options granted by the Company pursuant to the Scheme and the movement of the share options were shown as follows:

#### Year ended 31 March 2021

Grantee	Date of grant	Exercisable period	Closing price immediately before date of grant	Exercise price per share	Outstanding as at 1 April 2020	Granted	Exercised	Outstanding as at 31 March 2021
<b>Director</b>								
Ms. Zhou Yaying	20/8/2020	20/8/2020 to 19/8/2022	HK\$0.375	HK\$0.370	-	5,905,666	-	5,905,666
<b>Employees</b>								
Employees	13/5/2020	13/5/2020 to 12/5/2022	HK\$0.132	HK\$0.133	-	53,150,994	-	53,150,994
Total					-	59,056,660	-	59,056,660
Exercisable at the end of the year								59,056,660
Weighted average exercise price					-	HK\$0.157		HK\$0.157

#### Year ended 31 March 2020

Grantee	Date of grant	Exercisable period	Closing price immediately before date of grant	Exercise price per share	Outstanding as at 1 April 2019	Granted	Exercised	Outstanding as at 31 March 2020
Employees	5/3/2019	5/3/2019 to 4/3/2020	HK\$0.305	HK\$0.36	56,785,250	-	(56,785,250)	-
Total					56,785,250	-	(56,785,250)	-
Exercisable at the end of the year								-
Weighted average exercise price					HK\$0.360		HK\$0.360	-

No share options was exercised during the year ended 31 March 2021. 56,785,250 share option were exercised during the year ended 31 March 2020. The share options outstanding at the end of the reporting period have a weighted average remaining contractual life of 2 years (2020: Nil). On 13 May 2020 and 20 August 2020, 53,150,994 and 5,905,666 share options with fair value of HK\$1,684,000 and HK\$515,000 were granted respectively.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 38. SHARE OPTION SCHEME (continued)

#### Fair value of share options and assumptions

The weighted average fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Option-Pricing Model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the model.

	Granted on 13 May 2020	Granted on 20 August 2020
Weighted average fair value of measurement date	HK\$0.032	HK\$0.087
Closing price of the shares at grant date	HK\$0.133	HK\$0.370
Exercise price	HK\$0.133	HK\$0.370
Expected volatility	45.41%	46.29%
Option life	2 years	2 years
Risk-free interest rate	0.322%	0.137%
Expected dividend yield	0%	0%

The expected volatility is based on the historic volatility. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

There was no market vesting condition or non-market performance condition associated with the share options granted.

### 39. DISPOSAL OF INTEREST IN AN ASSOCIATE

On 2 September 2019, the Group completed the disposal of approximately 23.53% of interest in an associate to a third party for cash consideration of HK\$106,000,000. On 10 October 2019, the Group completed the disposal of approximately 25.88% of interest in the associate to a third party for cash consideration of HK\$80,000,000. Before the disposal, the Group owned 49.41% interest in the associate and the investment was previously accounted for as an interest in an associate using the equity method of accounting. This transaction has resulted in the Group recognising a gain of approximately HK\$11,884,000 in profit or loss for the year ended 31 March 2020, calculated as follows:

	HK\$'000
Cash proceeds	186,000
Less: carrying amount of approximately 49.41% interest on the date of loss of significant influence of an associate	(174,116)
Gain recognised in profit or loss	11,884
Consideration was settled by:	
Deposit received	14,800
Cash consideration received	171,200
	186,000
Net cash inflow arising on disposal	171,200

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Non-cash transactions

During the year ended 31 March 2020, the equity investment fund has been fully compulsorily redeemed amounted to approximately HK\$28,190,000 which was settled by listed equity securities.

#### (b) Reconciliation of liabilities arising from financing activities

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

	Unconvertible bonds HK\$'000 (Note 34)	Loan and interest payables HK\$'000 (Note 31)	Lease liabilities HK\$'000 (Note 33)	Total HK\$'000
At 1 April 2020	10,158	5,893	1,560	17,611
<b>Changes from financing cash flows:</b>				
Repayment of lease liabilities	-	-	(1,167)	(1,167)
Proceeds from issue of unconvertible bond	9,500	-	-	9,500
Interest paid	(500)	-	(50)	(550)
<b>Total changes from financing cash flows</b>	<b>9,000</b>	<b>-</b>	<b>(1,217)</b>	<b>7,783</b>
<b>Other changes:</b>				
Imputed interest income	(3,716)	-	-	(3,716)
Interest expenses	703	511	50	1,264
<b>Total other changes</b>	<b>(3,013)</b>	<b>511</b>	<b>50</b>	<b>(2,452)</b>
<b>At 31 March 2021</b>	<b>16,145</b>	<b>6,404</b>	<b>393</b>	<b>22,942</b>

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

#### (b) Reconciliation of liabilities arising from financing activities (continued)

	Unconvertible bonds HK\$'000 (Note 34)	Loan and interest payables HK\$'000 (Note 31)	Lease liabilities HK\$'000 (Note 33)	Total HK\$'000
At 1 April 2019	10,158	5,381	4,641	20,180
<b>Changes from financing cash flows:</b>				
Repayment of lease liabilities	–	–	(1,365)	(1,365)
Interest paid	(500)	–	(105)	(605)
<b>Total changes from financing cash flows</b>	<b>(500)</b>	<b>–</b>	<b>(1,470)</b>	<b>(1,970)</b>
<b>Other changes:</b>				
Disposal of subsidiaries	–	–	(1,980)	(1,980)
New lease entered	–	–	249	249
Interest expenses	500	512	120	1,132
<b>Total other changes</b>	<b>500</b>	<b>512</b>	<b>(1,611)</b>	<b>(599)</b>
<b>At 31 March 2020</b>	<b>10,158</b>	<b>5,893</b>	<b>1,560</b>	<b>17,611</b>

#### (c) Total cash outflow of leases

Amounts included in the consolidated statement of cash flows for lease comprise the following:

	2021 HK\$'000	2020 HK\$'000
Within operating cash flows	50	105
Within financing cash flows	1,167	1,365
	<b>1,217</b>	<b>1,470</b>

These amounts relate to the following:

	2021 HK\$'000	2020 HK\$'000
Lease rental paid	1,217	1,470

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 41. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties:

(a) Significant related party transaction

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Disposal of subsidiaries to a director of the disposed subsidiary	–	4,305

(b) Compensation of key management personnel of the Group, who were the directors of the Company, are as follows:

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Short-term employee benefits	<b>1,754</b>	1,790
Post-employment benefits	<b>64</b>	44
Equity-settled share-based payment expense	<b>515</b>	–
Total compensation paid to key management personnel	<b>2,333</b>	1,834

The remuneration of directors is determined by the Remuneration Committee and having regard to the performance of individuals and market trends.

Further details of directors' emoluments are included in note 15 to the consolidated financial statements.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 HK\$'000	2020 HK\$'000
<b>Non-current asset</b>		
Investments in subsidiaries	<u>12,755</u>	<u>16,970</u>
<b>Current assets</b>		
Other receivables, prepayments and deposits paid	188	2,627
Amounts due from subsidiaries	300,249	297,288
Cash deposits held by securities brokers	1	1
Bank balances and cash	<u>812</u>	<u>944</u>
	<u>301,250</u>	<u>300,860</u>
<b>Current liabilities</b>		
Loan and interest payables	6,404	5,893
Other payables and accruals	6,277	2,170
Amount due to a subsidiary	<u>1,247</u>	<u>1,278</u>
	<u>13,928</u>	<u>9,341</u>
<b>Net current assets</b>	<u>287,322</u>	<u>291,519</u>
<b>Total assets less current liabilities</b>	<u>300,077</u>	<u>308,489</u>
<b>Non-current liabilities</b>		
Unconvertible bonds	<u>16,145</u>	<u>10,158</u>
<b>NET ASSETS</b>	<u>283,932</u>	<u>298,331</u>
<b>Capital and reserves</b>		
Share capital	62,464	62,464
Share premium and reserves (note)	<u>221,468</u>	<u>235,867</u>
<b>TOTAL EQUITY</b>	<u>283,932</u>	<u>298,331</u>

The financial statements were approved and authorised for issue by the Board of Directors on 30 June 2021 and were signed on its behalf by:

**Zhou Yaying**  
Director

**Wei Liang**  
Director



## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

#### Share premium and reserves

	Share premium HK\$'000 (Note 43(b)(i))	Contributed surplus HK\$'000 (Note 43(b)(ii))	Capital redemption reserve HK\$'000 (Note 43(b)(vi))	Share option reserve HK\$'000 (Note 43(b)(iv))	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2019	2,660,960	62,604	464	3,463	(2,485,907)	241,584
Loss and total comprehensive income for the year	-	-	-	-	(20,451)	(20,451)
Issue of shares upon exercise of share options	18,227	-	-	(3,463)	-	14,764
Share issue expenses	(30)	-	-	-	-	(30)
At 31 March 2020 and 1 April 2020	2,679,157	62,604	464	-	(2,506,358)	235,867
Loss and total comprehensive income for the year	-	-	-	-	(16,598)	(16,598)
Recognition of equity-settled share based payment	-	-	-	2,199	-	2,199
<b>At 31 March 2021</b>	<b>2,679,157</b>	<b>62,604</b>	<b>464</b>	<b>2,199</b>	<b>(2,522,956)</b>	<b>221,468</b>

The contributed surplus of the Company at 31 March 2021 and 2020 represents the excess of the fair value of the subsidiaries acquired pursuant to the reorganisation in 1994, over the nominal value of the Company's shares issued for their acquisition. Under the Companies Act of Bermuda, the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that:

- (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 43. RESERVES

#### a. Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

#### b. Nature and purpose of reserves

##### i. Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and after deduction of capitalisation issue and issuance costs of shares. Pursuant to the Companies Law of the Bermuda, funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

##### ii. Contributed surplus

The contributed surplus of the Company at 31 March 2021 and 2020 represents the excess of the fair value of the subsidiaries acquired pursuant to the reorganisation in 1994, over the nominal value of the Company's shares issued for their acquisition. Under the Companies Act of Bermuda, the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that the Company is, or would after the payment be, unable to pay its liabilities as they become due; or the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital.

##### iii. Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(c) to the consolidated financial statements.

##### iv. Share options reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to a director and employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(r) to the consolidated financial statements.

##### v. Investment revaluation reserve

The financial assets at FVTOCI reserve comprises the cumulative net change in the fair value of financial assets at FVOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(h) to the consolidated financial statements.

##### vi. Capital redemption reserve

The capital redemption reserve represents the par value of shares of the Company which have been repurchased and cancelled.

## Notes to Consolidated Financial Statements

For the year ended 31 March 2021

### 44. SUBSIDIARIES

The following list contains only the particulars of subsidiaries which, in the opinion of the directors, principally affected the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Details of the Group's principal subsidiaries at the end of the reporting period:

Name of company	Place of incorporation/ establishment	Class of share held	Issued share capital/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held		Principal activities
				Directly		Indirectly		2021 %	2020 %	
				2021 %	2020 %	2021 %	2020 %			
Golden Fair Holdings Limited	Hong Kong	Ordinary shares	HK\$1	100	100	-	-	100	100	Investment holding
China Environmental Energy Investment (Hong Kong) Limited	Hong Kong	Ordinary shares	HK\$1	-	-	100	100	100	100	Investment holding
Greenland Holdings Limited	Hong Kong	Ordinary shares	HK\$1	-	-	100	100	100	100	Investment holding
Ritz Services (HK) Limited	Hong Kong	Ordinary shares	HK\$1	-	-	100	100	100	100	Investment holding
Orient Time Investment Limited	Hong Kong	Ordinary shares	HK\$1	100	100	-	-	100	100	Securities investment
Great Luck Finance Limited	Hong Kong	Ordinary shares	HK\$1	-	-	100	100	100	100	Provision of loan as money lending
H & S Creation Limited	Hong Kong	Ordinary shares	HK\$100	-	-	100	100	100	100	Design, OEM and Marketing of Jewelry
Mis Jewellery Limited	Hong Kong	Ordinary shares	HK\$1	-	-	100	100	100	100	Sales of Jewelry

### 45. SUBSEQUENT EVENTS

On 16 June 2021, the Company proposed to raise up to approximately HK\$62.46 million on the basis of one rights share for every one share of HK\$0.10 each in the share capital of the Company by issuing 624,637,750 rights shares at the subscription price of HK\$0.10 per rights share ("Proposed Rights Issue"). The Proposed Rights Issue is subject to the approval of the independent shareholders of the Company at the special general meeting by way of poll. Details of the Proposed Right Issue is set out in the Company's announcement dated 16 June 2021.

### 46. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2021 and 2020.

### 47. CAPITAL COMMITMENTS

The Group had no material capital commitments as at 31 March 2021 and 2020.

### 48. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 June 2021.