ADVANCE

破 浪 前 進

大凌集團有限公司
STYLAND HOLDINGS LIMITED

（於百慕達註冊成立之有限公司 Incorporated in Bermuda with limited liability）
（股份代號 Stock Code: 0211）

年報 ANNUAL REPORT 2019/20

創立於1977年 Established in 1977

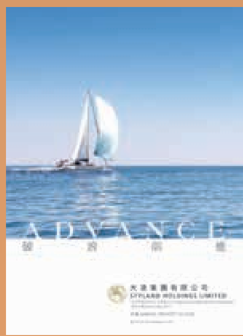
ADVANCE
破浪前進

We **advance** ahead to be ahead. In today's rapidly changing business environment, to **advance** ahead, we need to weather the waves of change.

At Styland, we think smart and act fast to respond and adapt to new market conditions to **advance our business ahead**.

Our annual report theme '**ADVANCE**' signifies Styland's strong capability to **advance our business ahead in FY2020** amidst a challenging operating environment.

Rationale for Cover Design



Our cover design showcases a beautiful sailboat as it **advances** at sea. We have chosen the sailboat as it is especially meaningful to the Group's business in FY2020.

Just as the sailboat successfully **advances** over the large, turbulent waves of the sea, in the same sense, Styland successfully **advances** its business forward as the Group rides out the turbulent and unpredictable waves of change of FY2020.

Contents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ADVANCED FINANCIAL SOLUTIONS

We are the experts of **advanced financial solutions**. We provide **advanced financial solutions** to clients to help clients achieve their goals.


STOP
D.SLOW
SLOW
HALF
FULL

ADVANCED THINKING

Advanced thinking is essential for thriving in today's fast-paced world where the business environment changes quickly and unexpectedly. At Styland, we employ our **advanced thinking** to build and implement sound action plans that enable the Group to weather the storms of change.

ADVANCED ROADMAP FOR SUCCESS

We have an **advanced roadmap for success** that is spearheaded by our management team. This roadmap sets out our strategies, plans and directions for steering the Group to long term success.

WHO WE ARE

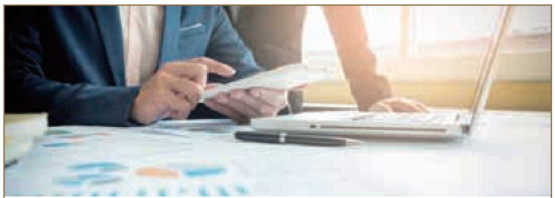
Styland Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Styland Group**", the "**Group**" or "**We**") is a Hong Kong based conglomerate that is primarily focused on the provision of financial services and mortgage financing to individual and corporate clients. With a wealth of experience in initial public offerings ("**IPOs**"), we have successfully served our IPO clients in acting as a sponsor, bookrunner or lead manager for their IPOs.

The Group has a property development and investment division that specializes in the development and investment of properties. We also engage in proprietary securities trading.

OUR VALUES

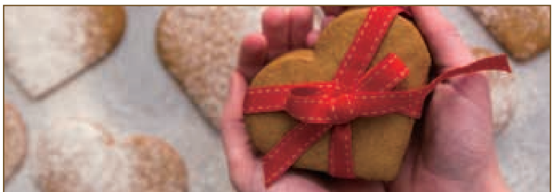
Deliver Value to Shareholders

We strive to deliver long-term value to our shareholders and other stakeholders.



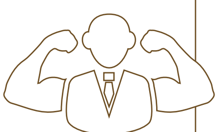
Deliver Value to Clients

Delivering first-class customer service and competitive products and services to our clients is our professional financial team's everyday focus.



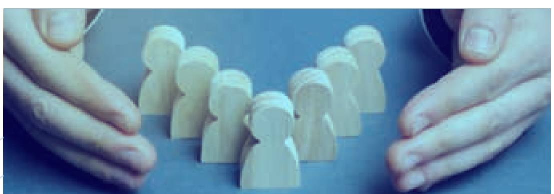
Act With Integrity

We act with the highest level of integrity in all areas of our businesses.



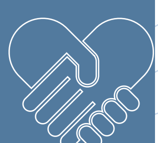
Care for Our Employees

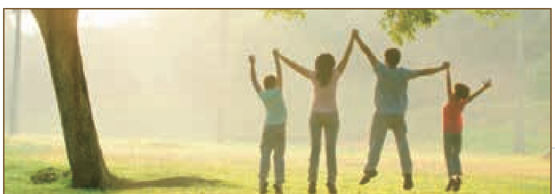
In caring for our employees, we have developed and implemented ongoing employee programs for the benefit of our employees.



Care for Our Community

Investing our time, energy and resources to help our community is one of our key priorities.





Care for the Environment

Each year, we carry out environmentally-friendly actions in aim to protect the environment.

WHAT WE DO

The Group's core businesses are **Financial Services, Mortgage Financing, Property Development & Investment** and **Securities Trading**.

FINANCIAL SERVICES

OUR BROKERAGE SERVICES

We help clients trade:

- Shares of Hong Kong Stock Exchange
- Shares of Shanghai Stock Connect
- Shares of Shenzhen Stock Connect
- Shares listed in overseas markets
- Futures

Our online trading platform is available to clients for conveniently trading stocks and futures online.

OUR MARGIN FINANCING AND OTHER FINANCING SERVICES

- Margin Financing for IPOs
- Margin Financing for Stocks and Other Term Loan Financing

We provide clients margin financing services with competitive margin ratios and interest rates for trading stocks and for subscribing in new shares of IPOs and other term loan financing.

OUR CORPORATE FINANCE SERVICES

1. Sponsor
2. New Share Placements
3. Takeovers
4. Mergers
5. Share Repurchases
6. Financial Advisor

Our full range of corporate finance services for clients encompass takeovers, mergers, share repurchases, placing and underwriting for new issues of shares, acting as the sponsor, bookrunner and lead manager for IPOs as well as acting as a financial advisor.

OUR ASSET MANAGEMENT SERVICES

ASSET MANAGEMENT SERVICES FOR HIGH NET WORTH CLIENTS

Our asset management team provides tailor-made asset management solutions to high net worth clients. We help clients reach their financial goals as well as obtain a competitive return on their investments.

MORTGAGE FINANCING

OUR MORTGAGE FINANCING SERVICES

First-Mortgage Loans

Second-Mortgage Loans

Our mortgage financing division provides loans to individuals, corporations and institutions that are secured by real estate collaterals. We mainly focus on first-mortgage and second-mortgage loans, and offer clients attractive interest rates.

PROPERTY DEVELOPMENT & INVESTMENT

We develop and invest in properties. We focus on properties that are good long-term assets and provide the Group good rental yields and good appreciation prospects.

SECURITIES TRADING

Our securities trading division engages in the trading of securities and derivative products.

OUR COMPETITIVE STRENGTHS

IPO project of our wholly owned subsidiary Ever- Long Securities Company Limited

1 EXTENSIVE EXPERIENCE IN FINANCIAL SERVICES

Our customer service team comprises highly qualified financial service professionals that are well trained and have deep experience and knowledge of financial services. Our senior managers that supervise our financial services business have more than 20 years of work experience in their own areas of financial expertise.

2 COMPETITIVE PRICING AND ATTRACTIVE PRODUCT FEATURES

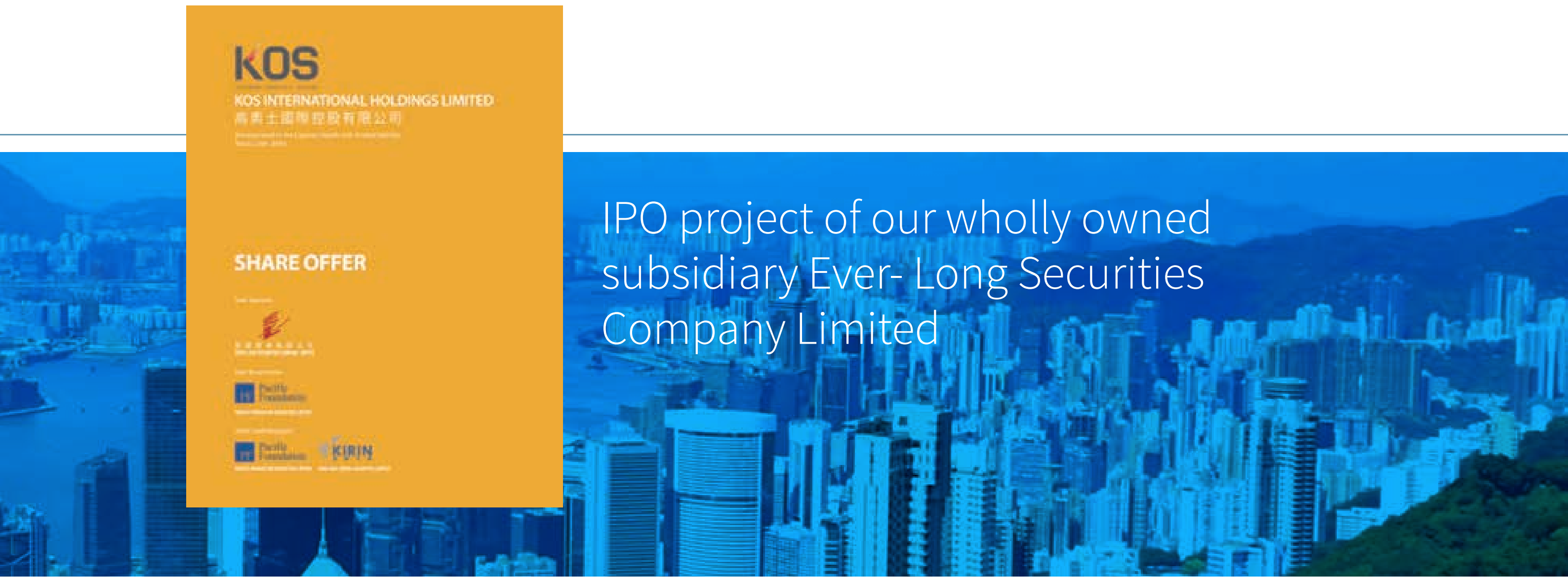
The financial products and services that we offer clients are competitively priced with attractive product features such as attractive interest rates and loan-to-value ratios.

3 STRONG CUSTOMER BASE

We have a strong customer base of individual and corporate clients across our various core businesses including brokerage clients, IPO clients, corporate finance clients, asset management clients and mortgage financing clients.

4 FOCUS ON HIGH GROWTH BUSINESSES

The Group is a reputable financial services provider that is intensely focused on high growth businesses with good long-term prospects. By focusing on high growth businesses, we are well positioned for generating growth for our customers, the Group, our shareholders and our other stakeholders.



5 EVER-LONG: OUR WINNING BRAND

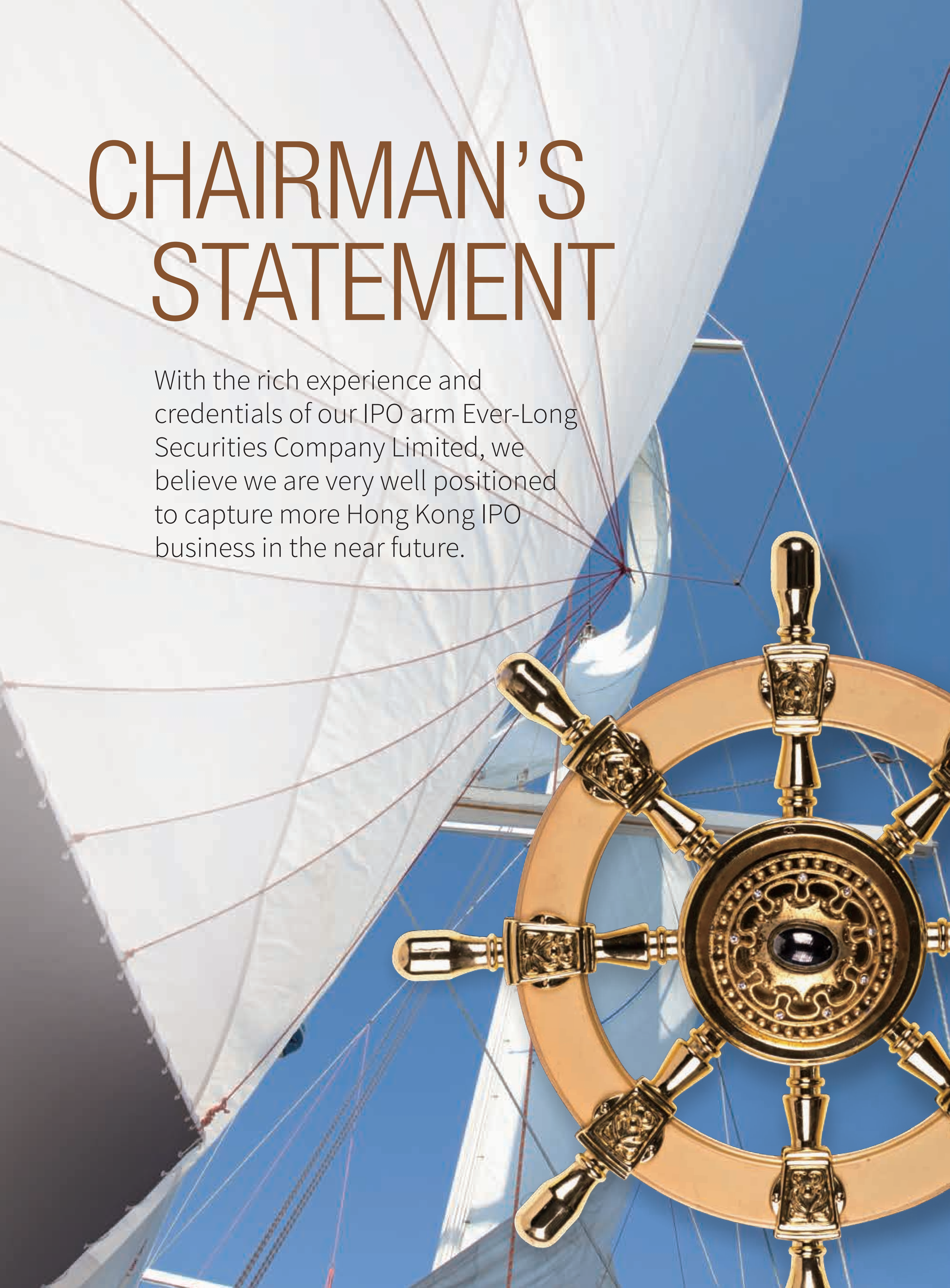
Our 'Ever-Long' brand is a well-established, reputable brand of brokerage, corporate finance and financial services. Over the years, we have built strong brand equity in our 'Ever-Long' brand. Our 'Ever-Long' brand stands for high quality, value, professionalism and first-class service.

6 OUR 43RD YEAR IN BUSINESS

This year marks the Group's 43rd year in business. As a pioneer in the market with a well-established, long-standing business, we have accumulated significant breadth and depth of experience in our core businesses. Our 43 years of business experience is one of our greatest competitive strengths.

CHAIRMAN'S STATEMENT

With the rich experience and credentials of our IPO arm Ever-Long Securities Company Limited, we believe we are very well positioned to capture more Hong Kong IPO business in the near future.



Dear Shareholders and Warrant Holders,

FY2020 — A CHALLENGING YEAR

The financial year ended 31 March 2020 ("**FY2020**") was a challenging year for the Group. Hong Kong, the Group's key market, slipped into a recession in the latter half of 2019 due to months of social unrest and the impact of the US-China trade war. This recession had further deepened in the first quarter of 2020 as the COVID-19 outbreak took its toll on the Hong Kong economy. These major headwinds created a tough business environment for the Group. Nevertheless, we managed to operate our businesses as usual in FY2020. The COVID-19 outbreak called for our clients and staff to work from home and stay at home more often. Through our well-established trading system and sophisticated online trading platform, we were able to operate our stock and futures broking services smoothly amidst the COVID-19 outbreak.

BRIGHT PROSPECTS FOR OUR FINANCIAL SERVICES BUSINESS

Hong Kong is one of the world's leading international financial centres. Hong Kong is also uniquely positioned as the dominant gateway to Mainland China, the world's second largest economy. With respect to IPOs, Hong Kong retained its position as the world's biggest IPO market in 2019, with over HK$300 billion in total IPO proceeds raised by the Hong Kong bourse by the end of 2019. These statistics point to the huge strength and size of the Hong Kong IPO market. Given these positive factors, coupled with the rich experience and credentials of our IPO arm Ever-Long Securities Company Limited, we believe we are very well positioned to capture more Hong Kong IPO business in the near future. Subsequent to our FY2020 financial year end, IPO activity picked up in Hong Kong with the IPO listings of a couple of Mainland China's well known tech giants. These IPOs have injected vitality into the Hong Kong IPO market and have provided securities brokerage companies like ours good business opportunities as some of our clients wish to trade the shares of these new IPOs.

As with our other financial services, namely the brokerage, asset management and financing businesses, we believe there are bright prospects in the horizon for these businesses as the Group leverages its many years of financial expertise and its sizeable client base to expand its financial services business further in Hong Kong and Mainland China. We believe the Guangdong-Hong Kong-Macau Greater Bay Area (the "**Greater Bay Area**") will provide the Group good business opportunities in the future, especially for our financial services business. With the Chinese central government's ambition to transform the nine cities in the Guangdong region into a world-class innovation, technology and financial services hub, we see immense opportunities in the future for the Group to provide its financial services to the businesses in the Greater Bay Area.

CARING FOR OUR STAFF

Caring for our staff has always been a top priority for the Group. In FY2020, we continued to implement employee programs and work safety measures to take good care of our staff.

During the COVID-19 outbreak in FY2020, in view of safeguarding the health and safety of our staff and guests, we raised our demanding safety standards to an even higher level as we put in place our COVID-19 preventive measures throughout our operations. These preventive measures included the provision of hand sanitizers and face masks to our staff. We also took the temperature of our staff upon their arrival at the office each morning. Visitors that visited any of our offices were also required to undergo a temperature check upon entry to our premises. For the protection of everyone at our offices, all staff and visitors were required to wear a face mask throughout the entire time they stayed at our office.

Since the end of January 2020, the beginning of the COVID-19 outbreak in Hong Kong, to protect the health of our staff, we started to practice the recommended guidelines that the Hong Kong Government published titled "Together, We Fight the Virus!". To this end, we permitted our staff to work from home. Our work-from-home arrangement was made available to all staff as our staff took turns to work from home on certain days of the week. Moreover, we paid our staff their full salaries without any adjustments as part of our "COVID-19 Work From Home" employee scheme.

WORKING FROM A STRONG FOUNDATION

We are proud of the strong foundation that we have built over the past 43 years. This strong foundation of ours has enabled us to weather big storms. Testimony to this was the smooth running of all our core businesses in FY2020 even as we faced the obstacles of the recession, US-China trade war, social unrest and COVID-19 outbreak.

We believe that our 43 years of business experience and our strong foundation are some of the Group's greatest competitive strengths. With these important competitive strengths under our belt, coupled with our staff's deep devotion to make Styland great, we are certainly very well positioned for generating future growth for the Styland Group.

DEEPLY COMMITTED TO CORPORATE SOCIAL RESPONSIBILITY

We are deeply committed to corporate social responsibility. When times are good, we give to help our community. When times are challenging, like the way they were in FY2020, we continue to give as much as we possibly can to help our community.

In FY2020, we continued to engage in our charity work. One of our main CSR highlights of FY2020 was our long-term support for ORBIS. We are proud to highlight to you that FY2020 marked the 10th year in which we donated funds to ORBIS to support its goal of preventing blindness worldwide.

THANK YOU

On behalf of the board of directors (the "**Board**") of the Company, I would like to thank our shareholders, warrant holders, clients, business partners and staff for your support and dedication to the Group.

With the strong foundation that we have built, the wise leadership we have at the helm, and the Group's resilience, I am confident that we will be able to sail smoothly across the seas and overcome future storms of change that we may experience along the way.

Li Hancheng
Non-executive Chairman

Hong Kong, 24 June 2020

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

FY2020 Results

In FY2020, the Group achieved a turnover of approximately HK$207,293,000 (FY2019: approximately HK$234,787,000), and recorded a loss for the year of approximately HK$64,037,000 for FY2020 (FY2019: a loss for the year of approximately HK$6,435,000).

Review of Operations

Financial Services

The Group is a reputable financial services provider. To offer our clients a wide range of financial products and services, we hold a total of five licenses granted by the Securities and Futures Commission (the "**SFC**"), namely Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management).

- **Brokerage**

During FY2020, the Hong Kong economy was under downward pressure due to the ongoing trade dispute between China and the United States, the local social unrest as well as the COVID-19 outbreak. The Hong Kong stock market was adversely affected by these factors and experienced a year of great turbulence. The Hang Seng Index hit a high of 30,280 in FY2020 and closed at 23,603 on 31 March 2020. Many central banks around the world made emergency interest rate cuts to bolster their economies. In China, the central government formulated various relief measures to support its economy's development.

In FY2020, we managed to respond quickly to the various global crises including the COVID-19 outbreak. Thanks to the backup plan we had in place for dealing with the unprecedented crisis, the Group managed to provide its brokerage services as usual during the COVID-19 outbreak. In addition to the changes we made in our operation as we adopted an even more conservative strategy for our brokerage business, we have also taken decisive actions to streamline the operation with a view to reduce our operating costs and increase efficiency.

The Group is eligible to offer brokerage services in the trading of shares of the Shanghai and Shenzhen Stock Connects. Following the interaction of the Hong Kong stock market with the mainland stock markets, we expect that the Hong Kong stock market will continue to be volatile in the near future. To accommodate to our clients' needs, we have launched our futures brokerage service that provides our clients a useful tool for hedging their risks in the equity market so as to mitigate their exposure to market risks. Furthermore, Hong Kong is an international financial centre. To cater to our clients' growing interest in investing in global financial products, in addition to the provision of stock brokerage service for the subscription of shares that are listed in Australia, Canada, Euronext, Germany, the United Kingdom, the United States and most of the other Asian markets, we have also managed to extend our futures brokerage service to our clients to enable them to make investments in futures products of major overseas markets.

As a result of the continuous enhancement of our value-added services, we have attracted new clients to our financial services businesses. The securities dealing turnover was approximately HK$2.4 billion for FY2020.

- **Brokerage and Other Financing**

To provide flexibility to our clients, in FY2020, we continued to offer clients margin financing with highly competitive margin ratios and interest rates for trading listed securities and subscribing for new shares in IPOs. In view of the market turbulence, in FY2020, the Group tightened its credit controls over the margin ratios that we granted clients for their brokerage loans to minimize the Group's market risks. Furthermore, we kept a close eye on the margin levels maintained by our margin financing clients to maintain a healthy loan portfolio. As a result, the bad debts provision for our margin financing business was kept at an immaterial level. In addition to the provision of margin financing to clients, the Group also provided other term loan financing services to its clients for their other personal business needs.

As at 31 March 2020, the net balances of the brokerage loans and other financing services stood at approximately HK$31,803,000 and HK$53,552,000 respectively. The interest income arising from brokerage loans and other financing services for FY2020 were approximately HK$4,465,000 and HK$9,086,000 respectively.

- **Corporate Finance**
  In 2019, Hong Kong once again ranked first globally in terms of IPO cementing its position as the world's leading IPO hub. We believe the Hong Kong IPO market remains highly attractive to mainland Chinese companies and other companies from overseas markets. With our track record of having successfully completed the IPO projects over the past two financial years ended 31 March 2018 and 2019, we are well positioned to assist our corporate clients in applying for the listing of their shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

  In May 2019, we were granted by the SFC to extend our corporate finance services to the area of transactions in relation to takeovers and mergers and share repurchases. This has increased our competitive edge as we can now provide a greater range of corporate finance services to our clients. Following this grant by the SFC, our full scope of corporate finance services has been augmented to include takeovers, mergers, share repurchases, placing and underwriting for new issues of shares, acting as a financial advisor as well as acting as a sponsor.

- **Asset Management**
  To boost the development of asset management service in Hong Kong, the HKSAR Government has proposed certain tax concessions with a view to attracting more private equity funds to set up their operations in Hong Kong. The Group, as an asset management service provider, would benefit from such a policy. During FY2020, we have assisted a client to launch a new fund, and were negotiating with another client for the way of operating its funds.

  The Hong Kong market is still attractive to investors in terms of investment returns when compared to other global markets. In addition, with the development of the Greater Bay Area and the increasing population of high net worth investors in Mainland China who are keen on making overseas investments, we expect these positive factors will provide us good opportunities to capture more new business. Our professionals in the wealth management division will, based on each client's unique situation, provide clients tailor-made investment solutions, which would allow clients to diversify their risks and to get a better return on their investments.

Mortgage Financing

During FY2020, the demand for mortgage loans remained strong, and this gave rise to new business opportunities for growing our loan portfolio. However, the outbreaks of the social unrest and COVID-19 in the territory have created economic uncertainty in the property market, and this posed as a challenge to our mortgage financing business. Our mortgage financing team had carried out a set of predefined measures and procedures to minimize credit risk and had managed to control operating costs. As at 31 March 2020, the consolidated loan portfolio under the mortgage financing segment of the Group was approximately HK$121,201,000. The income for the mortgage financing business was HK$21,425,000 for FY2020.

In addition to the guidelines for money lending business that were issued by the HKSAR Government in November 2016, the HKSAR Government announced additional guidelines in September 2018 and August 2019 respectively to require money lenders to comply with the “Guideline on Compliance of Anti-Money Laundering and Counter-Terrorist Financing Requirements for Licensed Money Lenders” and other additional guidelines on licensing conditions. We have fulfilled the applicable guidelines. Thanks to our strict compliance with the ordinance and guidelines, and our effective internal control policies, we continued to maintain a track record of immaterial bad debts provision for FY2020.

Property Development and Investment

With respect to the Group’s redevelopment project at Fei Ngo Shan Road with a gross site area of more than 16,000 square feet, the superstructure has been completed and the occupation permit was obtained in April 2019 which falls in the early part of our FY2020 financial year. The interior decoration and other works for this property were carried out in FY2020. In addition, the Group holds a residential property in Sai Kung, Hong Kong. As at 31 March 2020, the combined carrying value of the Group’s investment properties was approximately HK$353,000,000.

Securities Trading

As at 31 March 2020, the Group held a portfolio of listed securities investments consisting of 17 securities for trading purposes, which were engaged in the sectors of (i) natural resources; (ii) consumer goods; (iii) banks; (iv) information technology; (v) industrials; and (vi) others. For FY2020, the net realized and unrealized losses were HK$799,000 and HK$2,714,000 respectively. The net unrealized loss was mainly attributable to the Group’s investment in the sector of consumer goods.

Prospects

The COVID-19 pandemic that has swept across the world has greatly impacted the global economy. Businesses around the world have suffered economic losses due to this pandemic as lockdowns were imposed on businesses. In Hong Kong, the economy did not escape the effects of COVID-19 as shown by the sharp contraction of the Hong Kong economy during the COVID-19 outbreak. The Group will continue to monitor the development of COVID-19 and strive to react swiftly to deal with any challenges that may arise in the road ahead due to this virus. To deal with the downturn in the global economy, many central banks around the world have already started to cut interest rates and rolled out a number of measures including the loosening of reserve requirement ratio, tax relief and fee deduction policies to support their countries’ economic development. All of these measures have improved the liquidity in the system, and we expect that commercial activities will gradually return to normal for most Hong Kong businesses as well as our core businesses.

MSCI has completed the increase of the weighting of China A-shares in the MSCI Indexes by increasing the inclusion factor from its initial level of 5% to the new level of 20%. Following the successful control of the spread of COVID-19 in Mainland China in 2020, the accumulated consumer demand that had built up during the lockdown period is expected to be released after the business lockdowns are lifted by the government and we expect that China will return to its economic growth at a reasonable level. By that time, we expect that the international fund flow into China A-shares via the stock connects will increase. The Group is an eligible participant of the stock connects so that clients can use our stock brokerage service to invest in the shares of the Shanghai and Shenzhen Stock Exchanges. The increase of the inclusion factor is expected to benefit the Group's stock brokerage and margin financing businesses. Also, due to the volatility of the Chinese stock markets, investors who trade in China A-shares would need a hedging tool to manage the relevant risks. To facilitate clients' decision making in investments, the Group is now ready to offer its clients opportunities to buy index futures products to match their hedging needs.

As with the future prospects of the Group's brokerage business, as we continue to provide our clients greater flexibility in making investments in stocks by offering clients attractive margin interest rates as well as financial products from various overseas stock markets, we believe these steps would enable us to capture more brokerage business from both new and existing clients. In respect of our corporate finance services, we have obtained the SFC's approval to permit us to provide financial advisory services on takeovers and mergers. By leveraging the expertise of our professional corporate finance advisors, we believe our provision of financial advisory services on takeover and merger deals will generate synergy with our existing financial advisory services, compliance advisory services and sponsor services.

As a result of the monetary policies laid down by the governments around the world to spur the economy, interest rates are expected to remain low for a period of time. This would support the valuations of the Group's investment properties. Despite the COVID-19 outbreak, we observe that the property market remains relatively stable and there is still substantial customer demand for the mortgage financing services that are provided by financial companies like ours. However, in view of the growing concerns about the existing local market conditions, we will continue to manage our credit policy with a prudent and conservative approach as to maintain reasonable loan-to-value ratios to manage our market risks. We will also fine tune our business strategy from time to time to adapt to market changes.

FINANCIAL REVIEW ON LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2020, the Group's net asset value was approximately HK$499,234,000 (FY2019: approximately HK$548,510,000) and cash and cash equivalents totaled approximately HK$53,308,000 (FY2019: approximately HK$112,372,000) of which approximately 94% was held in Hong Kong dollar, approximately 4% in Renminbi and approximately 2% in US dollar.

As at 31 March 2020, the Group's borrowings included loans, promissory note payables, a bond payable and lease liabilities amounted to approximately HK$183,045,000 (FY2019: approximately HK$200,068,000) of which approximately HK$42,438,000 (FY2019: HK$184,412,000) was repayable within one year. The gearing ratio, being the ratio of total borrowings to the shareholders' fund, was about 0.37 (FY2019: 0.36).

Investments in Financial Assets

As at 31 March 2020, the Group held a portfolio of listed securities with fair value of approximately HK$32,596,000 (FY2019: 27,721,000). The Group will continue to adopt a prudent approach for its investments in financial assets.

Charges on Group Assets

As at 31 March 2020, the Group's investment properties of approximately HK$353,000,000 (FY2019: approximately HK$347,800,000) and financial assets at FVTPL of approximately HK$11,448,000 (FY2019: approximately HK$6,421,000) were pledged to banks to secure the banking facilities that were granted to the Group.

Credit Risk

For the financial services businesses, the Group is strictly in compliance with the Securities and Futures Ordinance (the "**SFO**"). Margin loans are granted to customers based on their individual assessment of financial status, repayment records and the liquidity of collaterals placed by them. The applicable interest rate charged to customers will be determined based on these factors. Generally, margin loans will be demanded for repayment once a customer fails to maintain the maintenance margin, repay the margin loan or another sum that is due to the Group.

For the mortgage financing business, mortgage loans are granted to clients based on the aggregate market value of the pledged properties as confirmed by independent valuers. To lower the Group's exposure to risk in its mortgage financing business, the mortgage amounts to be granted to a client in general shall not exceed 80% of the aggregate market value of the pledged properties.

Operational Risk

The Group has put in place effective internal control systems for its operations. Under the financial services businesses, monitoring teams comprised of licensed responsible officers registered under the SFO and senior management who have acted in compliance with the SFO, have been set up to monitor the operations, the settlement matters of traded financial products and cash, and to provide clients services of the regulated activities. The following chart provides information on the number of responsible officers of the Group for each regulated activity:

Type of license	Regulated activity	Number of responsible officers
Type 1	Dealing in securities	8
Type 2	Dealing in futures contracts	2
Type 4	Advising on securities	4
Type 6	Advising on corporate finance	5
Type 9	Asset management	2

In order to safeguard clients' interests and comply with the requirements of the SFO, our monitoring teams have carried out ongoing checks and verifications so that we are able to maintain our service standard at a satisfactory level. During FY2020, the financial services operation of the Group had complied with the SFO. Clients were satisfied with our services. During FY2020, we have properly managed a total securities trading turnover of approximately HK$2.4 billion under the stock brokerage business.

To maintain the professionalism of the Board, three of the Board members are certified public accountants who monitor or advise the Group on internal control matters. Under the mortgage financing business, we had net consolidated mortgage loans of approximately HK$121,201,000 as at 31 March 2020, and the operation had complied with the Money Lenders Ordinance and the applicable guidelines.

Interest Rate Risk

All of the Group's borrowings bore interest at either a fixed interest rate or floating interest rate. Its risk arises from the interest payments which were charged according to floating interest rates. The Group monitors its interest rate exposure regularly to ensure that the underlying risk is within an acceptable range.

Liquidity Risk

The Group's policy is to regularly assess current and expected liquidity requirements of the Group and to ensure that it maintains reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements. As at 31 March 2020, the amount of undrawn banking facilities of the Group was approximately HK$8,533,000.

Price Risk

The Group is exposed to listed equity price risk arising from individual equity investments classified as financial assets at fair value through profit and loss. This risk results from the decrease in the levels of equity indices and the value of the individual securities. The Group's investments are the listed shares, which are valued at the quoted market prices. The Group continues to monitor the movements in equity prices and will consider hedging the risk exposure should the need arise.

Foreign Exchange Exposure

During FY2020, the Group's business activities as well as its assets and liabilities were mainly denominated in Hong Kong dollar, US dollar, New Taiwanese dollar and Renminbi. In light of (i) the exchange rate peg between the Hong Kong dollar and US dollar; and (ii) the portions of the Group's assets or liabilities that were denominated in Renminbi and New Taiwanese dollar were immaterial when compared to the Group's total assets or liabilities, the Group considers its foreign exchange risk immaterial for FY2020. It is the Group's treasury policy to manage its foreign currency exposure to minimize any material financial impact to the Group.

STAFF

As at 31 March 2020, the Group had 88 staff members. Remuneration packages are generally structured with reference to prevailing market practice and individual merits. Salaries are reviewed periodically based on the employee performance appraisal or other relevant factors. The Group also maintains certain staff benefit plans including medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

The emoluments of the directors of the Company (the "**Directors**") are determined by the Remuneration Committee as delegated by the Board with reference to market rates and respective Directors' experience, duties and responsibilities in the Group. None of the Directors are involved in deciding their own remuneration. The Group maintains the Continued Learning Sponsorship Scheme to sponsor the continuous professional development of the members of the Group including the Directors.

MATERIAL ACQUISITION AND DISPOSAL

On 20 February 2019, Ever-Long Holdings Limited (the "**Grantor**"), a wholly owned subsidiary of the Company, entered into an agreement (the "**First Agreement**") in relation to a grant of call option (the "**Call Option**") to an independent third party (the "**First Purchaser**") to acquire the 55% of the issued shares (the "**Sale Shares**") of Brighten Int'l Holdings Limited ("**Brighten Int'l**") held by the Grantor at the cash consideration of HK$550,000. Details of the First Agreement are set out in the Company's announcement dated 20 February 2019.

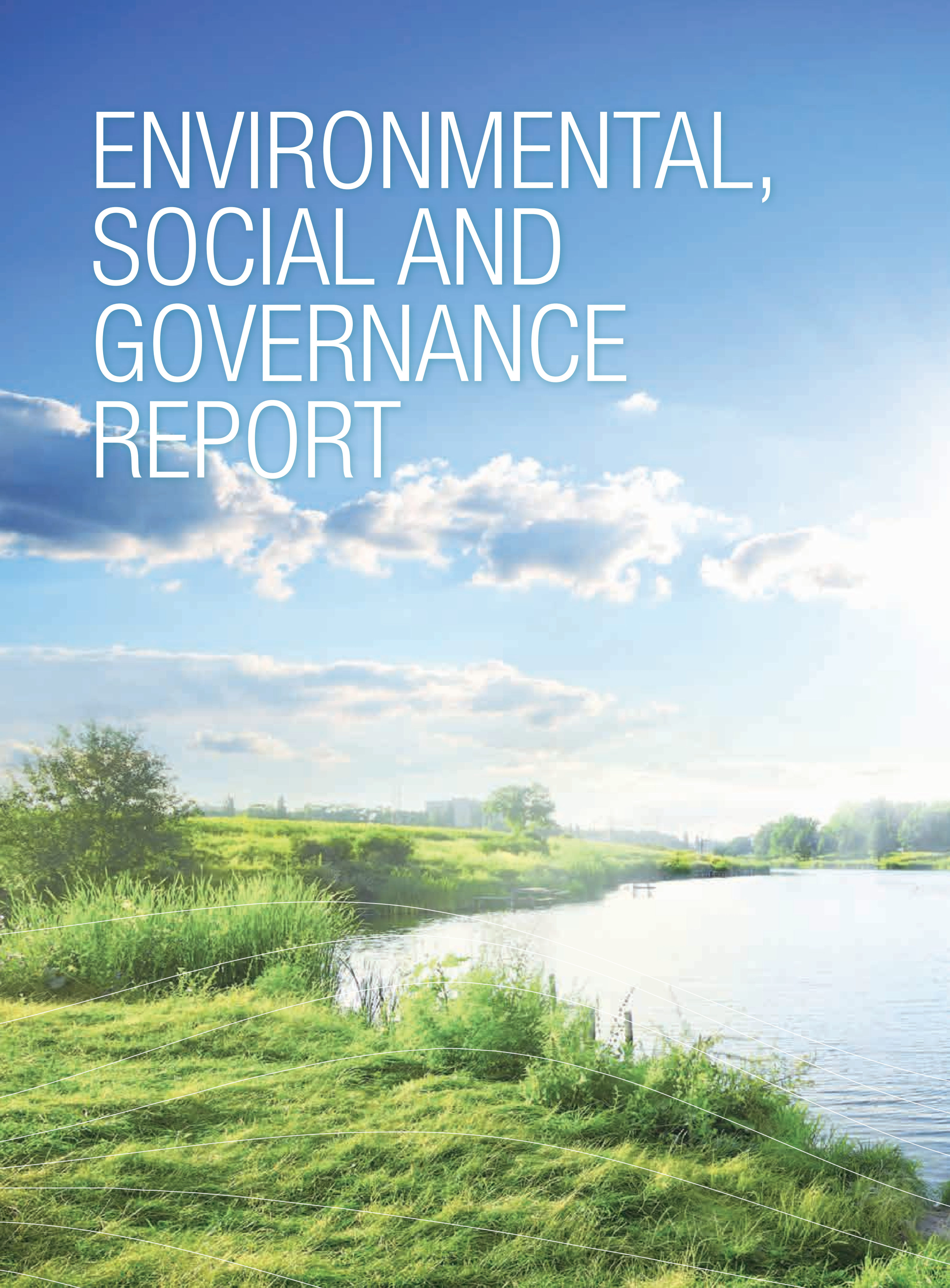
On 27 March 2019, the Group further entered into a conditional sale and purchase agreement (the "**Second Agreement**") with another independent third party (the "**Second Purchaser**"). Pursuant to the Second Agreement, the Group would dispose of the Sale Shares to the Second Purchaser at the cash consideration of HK$440,000 upon the lapse of the Call Option. Details of the Second Agreement are set out in the Company's announcement dated 27 March 2019.

The First Purchaser exercised the Call Option on 29 July 2019 and the First Agreement was completed on 31 July 2019. Accordingly, the Second Agreement lapsed on 31 July 2019.

CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any material contingent liabilities (FY2019: immaterial).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

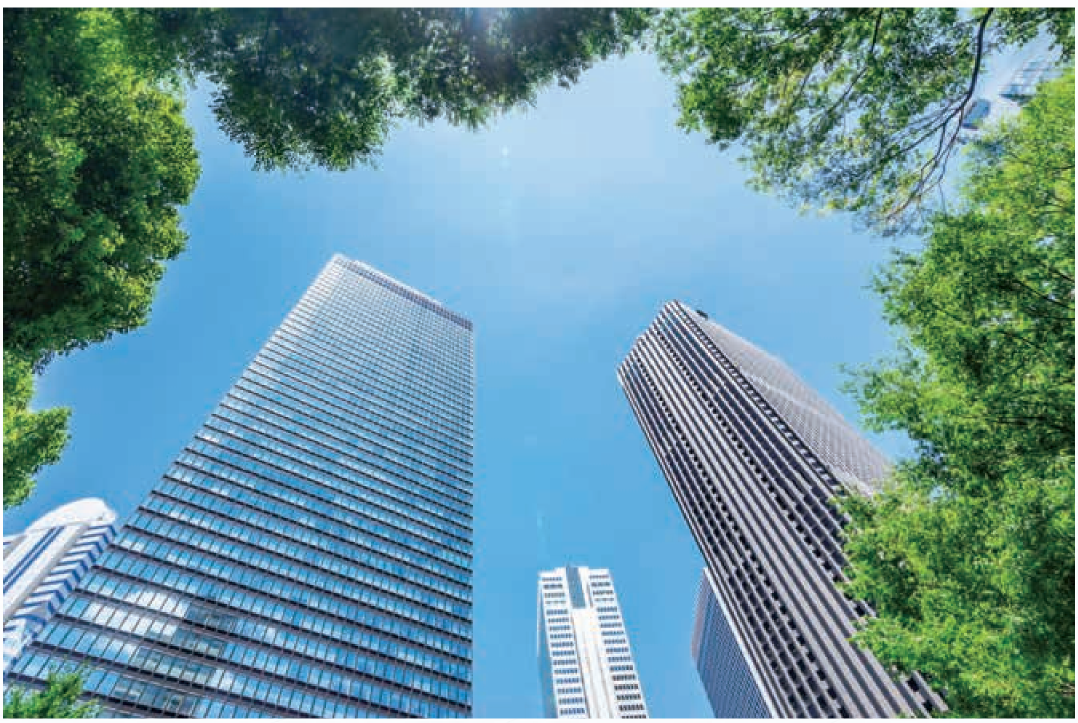


I. ABOUT THIS REPORT

The Board is pleased to present this Environmental, Social and Governance (hereinafter called "**ESG**") Report (the "**ESG Report**" or "**Report**") of the Group. This ESG Report summarizes the policies, sustainability strategies, management approaches, initiatives and the results attained by the Group in the environmental and social aspects of its business.

This ESG Report covers all of the Group's businesses, namely, financial services, mortgage financing, property development and investment, and securities trading for FY2020. The Report discloses the required information under the "comply or explain" provisions of the ESG Reporting Guide set out in Appendix 27 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange.

The Board is responsible for the Group's ESG strategy formulation and reporting, evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management measures and internal control systems are in place. In order to determine the ESG reporting scopes, the key management personnel have discussed internally and identified the environmental, social and operating items; and assessed their importance to the stakeholders and the Group. The summary of material ESG items is shown in this Report.



II. STAKEHOLDERS' ENGAGEMENT

The Group is committed to maintaining the sustainable development of its businesses and the environmental protection of the communities in which it operates. The Group maintains close ties with its stakeholders, including government/regulatory organizations, shareholders/investors, employees, customers, suppliers, community, etc. and strives to balance their opinions and interests through constructive communications in order to determine the directions of its sustainable development. The Group assesses and determines its environmental, social and governance risks, and ensures that the relevant risk management and internal control systems are operating effectively. The following table shows the management's responses to the stakeholders' expectations and concerns through different communication channels:

Stakeholders	Expectations and Concerns	Means of Communication	Management Response
Government/ Regulatory Organizations	➢ Compliance with laws and regulations ➢ Fulfill tax obligations ➢ Steady business operations ➢ Anti-corruption ➢ Anti-money laundering and anti-terrorist financing ➢ Joint efforts in combating epidemics	➢ Periodic reports and announcements ➢ Correspondences ➢ Policy documents and guidelines ➢ Official website of the Group	➢ Uphold integrity and compliance in operations ➢ Pay tax (if any) on time ➢ Establish comprehensive and effective internal control systems and implement various anti-corruption, anti-money laundering and anti-terrorist financing measures ➢ Follow the government's epidemic prevention policies and guidelines

Stakeholders	Expectations and Concerns	Means of Communication	Management Response
Shareholders/ Investors	➢ Return on investment ➢ Information transparency ➢ Corporate governance system	➢ General meetings of shareholders ➢ Information disclosed on the Stock Exchange's website ➢ The Group's official website ➢ Shareholders/ Investors enquiry hotline, email and fax	➢ Management team possesses relevant experience and professional knowledge in business sustainability ➢ Ensure transparency and efficient communications published on the websites of the Stock Exchange and the Group ➢ Continuous improvements in internal controls and focus on risk management
Employees	➢ Labor rights ➢ Career development ➢ Compensation and welfare ➢ Health and workplace safety ➢ Joint efforts in combating epidemics	➢ Employee activity ➢ Performance appraisal ➢ Induction and on-the-job training ➢ Internal meetings and announcements	➢ Set up contractual obligations to protect labor rights ➢ Encourage employees to participate in continuous education and professional trainings ➢ Establish a fair, reasonable and competitive remuneration scheme ➢ Improve occupational health and safety ➢ Provide epidemic prevention materials and adopt "work from home" policy

Stakeholders	Expectations and Concerns	Means of Communication	Management Response
Customers	➢ High quality and efficient services ➢ Ensure information and fund security ➢ Expand service channels	➢ Customer hotline ➢ Official website of the Group ➢ Mobile application and other digital platforms ➢ Service complaint and response mechanism	➢ Improve the quality of services continuously in order to maintain customer satisfaction ➢ Ensure proper contractual obligations are in place ➢ Popularize financial knowledge ➢ Set up high-level preventive controls on data leakage and hacking activities ➢ Protect consumer rights and interests
Suppliers/ Contractors	➢ Stable demand ➢ Good relationship with the Group ➢ Corporate reputation ➢ Fair and transparent procurement process	➢ Official website of the Group ➢ Negotiation ➢ Contracts ➢ Tendering and bidding	➢ Ensure proper contractual obligations are in place ➢ Establish policies and procedures in supply chain management ➢ Establish and maintain strong and long-term relationships with suppliers ➢ Select suppliers with due care and ensure the procurement
Community	➢ Environmental protection ➢ Community contributions ➢ Economic development	➢ Official website of the Group ➢ Donations	➢ Pay attention to the issue of climate change ➢ Low-carbon and environmentally-friendly operations ➢ Encourage employees to actively participate in charitable activities ➢ Maintain good and stable financial performance and business growth

III. MATERIALITY MATRIX

During FY2020, the Group has evaluated a number of environmental, social and operating items, and assessed their importance to stakeholders and the Group through various channels. This assessment helps to ensure that the Group's business objectives and development directions are in line with stakeholders' expectations and requirements. The matters of concern of the Group and its stakeholders are presented in the following materiality matrix:

<table>
<tr><th colspan="5">Materiality Matrix</th></tr>
<tr><td rowspan="6">Importance to Stakeholders</td><td>High</td><td>◆ Anti-discrimination measures
◆ Labor rights protection</td><td>◆ Talent management
◆ Staff training and promotion opportunity
◆ Staff compensation and welfare</td><td>➢ Customer satisfaction
➢ Service quality
➢ Anti-corruption
➢ Anti-money laundering
➢ Anti-terrorist financing
➢ Information security</td></tr>
<tr><td>Medium</td><td>➢ Community contribution</td><td>✧ Greenhouse gas and air emissions
✧ Use of resources
◆ Occupational health and safety</td><td>➢ Operational compliance
➢ Customers' privacy measures and protection
➢ Suppliers management</td></tr>
<tr><td>Low</td><td>◆ Preventive measures against child and forced labor
✧ Sewage discharge
✧ Generation of non-hazardous wastes</td><td>✧ Water resources utilization</td><td></td></tr>
<tr><td rowspan="3"></td><td>Low</td><td>Medium</td><td>High</td></tr>
<tr><td colspan="3">Importance to the Group</td></tr>
<tr><td>✧ Environmental</td><td>◆ Employee</td><td>➢ Operation</td></tr>
</table>

IV. ENVIRONMENTAL PROTECTION

The Group always pays great attention to energy conservation, emission reduction and environmental protection. We adhere to our management philosophy of sustainable development to achieve green operation and balanced development. In response to the global environmental protection trends, we have implemented energy conservation and environmental protection measures to mitigate environmental risks and any negative impact on the Group's businesses. We are continually promoting the awareness of environmental protection in the workplace and educating our employees on the importance of waste reduction and energy conservation. To maintain a balance between efficient operation and environmental protection, we established a set of comprehensive environmental protection policies to cover air and greenhouse gas emissions reduction, energy efficiency, water conservation, and hazardous and non-hazardous waste management. Our employees have also suggested a list of environmentally-friendly ways to protect the environment. We have formulated corresponding indicators and various measures to manage natural resources and lessen our potential impact on the environment.

1. Management of Emissions

The Group engages in the financial services, mortgage financing, property development and investment, and securities trading businesses, and hence does not engage in any product manufacturing activities. The Group's impact on the environment mainly comes from its use of natural resources, generation of office and domestic wastes, and discharge of domestic wastewater. Energy conservation and emission reduction are top priorities for the Group. We focus on reducing energy consumption, improving energy efficiency and minimizing our impact on the environment by undertaking various energy-saving measures (Please refer to the section "Conservation of Energy" below for details). Our waste management initiatives are centered on the collection of waste paper for recycling (Please refer to the section "Conservation of Paper" below for details). Illegal disposal of regulated electrical equipment is prohibited. We use environmentally-friendly office supplies and place potted plants in our workspaces to help reduce our offices' carbon footprint and to create a greener working environment for our staff. We do not allow chemicals that are harmful to the environment and wastewater that contains hazardous substances to be discharged into water pipelines.

The Group's property development business includes a redevelopment project at Fei Ngo Shan Road, the occupation permit of which was obtained in April 2019. The decoration of this property was outsourced to contractors. During FY2020, the Group and the contractors have complied with the government's requirements under the environmental protection legislation. Due to the remote location of the site, the impact from noise to the surrounding environment was not significant. The solid wastes from this project were handled according to the Waste Disposal Ordinance to minimize our impact on the environment. The recyclable wastes were handled by the recycler, and non-recyclable inert and non-inert wastes were sent to public filling facilities and landfills respectively. With respect to the Group's wastewater management, the Group adheres to the relevant government laws and regulations regarding wastewater treatment and discharge. Our contractor has obtained a license under the Water Pollution Control Ordinance for discharging our wastewater to the appropriate drainage and sewage. All of our wastewater has been treated according to the government's standards prior to discharge.

2. Management of Resources Utilization

The Group recognizes its responsibilities to manage its resources and minimize its impact on the environment. Furthermore, the Group is devoted to ensure all of its resources are utilized in an efficient and wise manner. Hence, we have set up a "Green Office", and encouraged employees to adopt our management principles of 5S and 4R in the workplace. The "5S" are "Sort", "Straighten", "Shine", "Standardize"; "Self-discipline"; and "4R" refers to "Reduce", "Reuse", "Recycle" and "Replace". Having adopted and implemented these measures, the Group has made a positive impact on the environment and the Group. In addition to our resources being utilized more efficiently and wastes were reduced, our work efficiency was also enhanced. The implementation of these key management principles has resulted in a win-win-win situation for our employees, the Group and the earth.

(1) Conservation of Energy

The Group's electricity consumption comes mainly from office lighting and the usage of office equipment and other electrical appliances. We have set up a series of measures to save energy and to raise the electricity efficiency of our office equipment and electrical appliances. For example, employees are encouraged to switch off office equipment and electrical appliances when they are not in use; air conditioners and lights are switched off when the conference rooms are not in use and after work; selecting office equipment and electrical appliances with energy efficiency labels or high energy efficiency; open blinds to take advantage of natural light; further minimizing the energy consumption of equipment under "Standby" mode by unplugging computers and electrical appliances; setting the temperature of air conditioning at 25.5 degrees Celsius. To implement the "Green Office" concept, the Group has adopted the recommendations provided by CLP and has posted the CLP guidelines in our offices to educate and encourage our employees to use different ways to save energy in the workplace. During FY2020, the Group's electricity consumption was approximately 116.93 Megawatt hours ("MWh"), representing a decrease of approximately 0.41 MWh or 0.35% compared to that in FY2019.

During FY2020, our main usage of gasoline was in vehicles for business purpose. We conduct regular repair and maintenance of vehicles, and plan the shortest routes and fastest way to reach the destination before using the vehicles in order to maximize energy efficiency. Drivers are required to turn off the engine to prevent the engine from idling in order to reduce the extra fuel usage and exhaust air emission. During FY2020, the Group's gasoline consumption was approximately 5.90 tonnes, representing an increase of approximately 1.68 tonnes or 39.81% compared to that in FY2019.

(2) Conservation of Water

Water consumption of the Group was mainly comprised of bottled drinking water and water from the washrooms of our offices that were strictly used for sanitary purposes. The bottled drinking water was purchased from vendors. The water from the washrooms that was used for sanitation was supplied and managed by the property management companies. During FY2020, the Group did not face any water shortage problems. We fully understand the preciousness of water resources. To do our part in conserving water, we have actively adopted various water-saving measures and have also educated our employees on the different ways that they can conserve water in their daily lives and to avoid any kind of wastage. For example, our employees were encouraged to finish drinking the water in their mugs, not to use potable water for any other purposes, to turn off the water tap after use, etc.

(3) Conservation of Paper

The Group actively promotes its “green office” policy and encourages its staff to save paper. We have also educated our staff on how to avoid wasting paper through various measures, and have reduced our reliance on paper-based documents. We distribute files in electronic format as much as possible in order to minimize photocopying and printing on paper. Furthermore, we fully utilize both sides of paper and conserve and reuse our other paper supplies. For example, our employees are encouraged to conserve and reuse envelopes, paper files and paper bags. With respect to our paper recycling efforts, we collect used, recyclable papers to pass to the recycler for handling. We place paper saving tips next to the printers and computers and our printers have been set to default to the duplex printing mode to remind our employees about saving paper and making the best use of paper. During FY2020, the Group consumed approximately 3.02 tonnes of paper, representing an increase of approximately 0.46 tonnes or 17.97% compared to that in FY2019.

(4) Others

Other measures to reduce the Group’s carbon emissions include our increased usage of mugs in the office for serving customers; encourage employees to use reusable water bottles and cups and avoid using disposable paper cups as well as reduce our usage of disposable utensils. Other measures that the Group has adopted to minimize our carbon emissions encompass the travel policy that we have established that is focused on minimizing our carbon footprint. Through our travel policy, we have encouraged employees to reduce traveling for meetings and instead, use video conferencing or teleconferencing. In addition to recycling paper, we also recycle metals, glass and plastics. With respect to disposing our old or unwanted electrical equipment, we disposed these kinds of items according to “The Producer Responsibility Scheme on Waste Electrical and Electronic Equipment”.

3. The Environment and Natural Resources

The Group is devoted to care about and protect the natural environment. We believe that everyone should take part in it and we hope to create a beautiful living environment together. In order for employees to gain a greater understanding of the importance of their impact on the environment, we have set up various policies and measures relating to environmental protection in aim to reduce our carbon footprint and lessen our environmental impact while conducting our personal and business lives (refer to the sections "Management of Emissions" and "Management of Resources Utilization" above for details).

The Group will continue to increase its investment in environmental protection, revisit and identify the sources of wastes produced in our day-to-day operations, and manage and monitor the Group's use of natural and other resources. We will continue to establish and implement effective measures including the promotion of energy conservation and emission reduction, extensive use of energy-saving products, and the best use of office resources to minimize our carbon footprint. We continue to promote employee awareness of environmental protection and resource conservation, and encourage our employees to fulfill their social responsibilities and obligations in the process of business development.

4. Compliance

During FY2020, there were no confirmed non-compliance incidents in relation to environmental protection that have a significant impact on the Group.

V. EMPLOYMENT AND LABOR PRACTICES

The Group has always regarded its employees as its most valuable assets. The Group adheres to its "employee-oriented" governance philosophy and has established a comprehensive talent management mechanism to attract and retain competent talents for the sustainable development of its businesses. We are devoted to create a non-discrimination, equal, harmonious and safe workplace; build up mutual respect and good relationships with our people; encourage our employees to be innovative, flexible and committed when dealing with our clients and provide high-quality services to our clients. To achieve these goals, we offer career advancement opportunities to attract, develop, retain and reward our talented staff, and provide them with commensurate remuneration, personal growth and career development training, together with fringe benefits such as retirement benefits, paid vacation days and insurance. We also promote a good work-life balance to our employees and focus on our employees' physical and mental health, and organize meaningful, fun-filled staff activities to enrich their leisure time. Moreover, we encourage our employees to maintain harmonious interpersonal relationships, promote team spirit of cooperation and unity, and to bravely face difficulties and overcome challenges.

1. Talent Selection

The Group always aims to recruit talented people and develop their potential to grow with the organization. The Group is an equal opportunity employer that respects personal privacy and has established and implemented a fair treatment policy. Our job candidates are selected based on their morality, knowledge, job skills and abilities, and regardless of their ethnic group, religious affiliation, gender, age or marital status. This policy applies to all phases of the employment relationship, including but not limited to hiring, promotion, performance appraisal, training, personal development and termination.

2. Labor Standards

The Group complies with the requirements under the Hong Kong Employment Ordinance. We respect human rights and prohibit any unethical hiring practices, including child and forced labor by conducting background checks (review the identity documents of the applicants) in our hiring process. Our employees may be asked to work on a Sunday or a statutory holiday due to special events, and their consent must be obtained in advance to avoid forced overtime work. They are compensated in accordance with the applicable labor laws and regulations. During FY2020, the Group did not hire any applicants under the legal working age and has complied with the local laws and regulations with respect to child and forced labor.

3. Compensation and Welfare

The Group attracts and retains outstanding talents by providing competitive remuneration packages to employees. We examine the salary levels of employees regularly to ensure they are up to the market standard. The Group benchmarks up-to-date remuneration data in its industry and strives to maintain a fair, reasonable and competitive remuneration scheme. Staff remuneration is structured based on the staff's knowledge, skills, work experience and educational background with reference to our job requirements. Basic remuneration and benefits of employees include basic salary, paid vacation days, insurance, etc. With respect to our medical insurance benefits for employees, depending on the types of their medical claim, we provide our employees either a partial reimbursement or full reimbursement of their medical expenses arising from illnesses, accidents or emergencies.

Performance appraisals are conducted periodically for employees to provide them constructive feedback regarding their job performance. The Group uses the data collected from its employee performance appraisals strictly for its own human resource purposes such as for fairly assessing and determining the level of discretionary bonuses, subsidies, commissions, year-end bonuses, salaries increments and/or promotion recommendations that are rewarded to employees. These rewards are based on a number of criteria including working experience, seniority, knowledge and skills, performance, contribution, etc. The Group also operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the businesses and success of the Group's operations.

The Group complies with the Hong Kong Employment Ordinance and pays contributions to the Mandatory Provident Fund schemes for all employees as retirement protection benefit. Furthermore, we handle dismissal and compensation in accordance with the Hong Kong Employment Ordinance.

The Group pays attention to its employees' health and encourages its employees to have a good work-life balance. Additionally, the Group has maintained a five-day work week and complies with the Hong Kong Employment Ordinance to protect employees' rights of rest days and holidays. All employees are entitled to rest days and certain leaves such as maternity leave, paternity leave, marriage leave, etc. In order to enhance cooperation and cohesion among employees, as well as help them build up a sense of belonging and stay relaxed, regular gatherings including quarterly birthday parties, Lunar New Year dinner, Mid-Autumn Festival gathering, Christmas party and so on have been organized.

The Group has laid off several employees during the outbreak of the coronavirus epidemic in early 2020, and these employees were compensated in accordance with the Hong Kong Employment Ordinance. The compensation and welfare of our employees remain unchanged during that time. In order to reduce the chance of infection during the coronavirus outbreak, we have adopted various preventive measures for the health and safety of our employees including those preventive measures titled "Together, We Fight the Virus!" that were promoted to the public by the Department of Health of the HKSAR Government (refer to the section "Health and Safety" below for details).

4. Development and Training

A high caliber corporate team is critical to our sustainable and long-term business development. To this end, the Group has established a long-term talent development training strategy and has also encouraged its staff to continue to study and take on lifelong learning. New hires are provided on-the-job training. The Human Resources Department together with the supervisors of each business unit have provided employees an introduction to the Group's corporate culture, as well as helped them gain industry knowledge and briefed new employees about their job duties. Ongoing training can enhance our employees' professional knowledge and work skills; and also provide assurance to investors that our professional staff have the necessary technical knowledge, professional skills and business ethics; and are able to discharge their job duties efficiently and with integrity. In addition, we provide tuition fee subsidy to the employees who are interested in taking courses relevant to our businesses and their job duties. We believe that encouraging our employees to take relevant courses to enhance their professional knowledge and skills bring potential benefits or contribution to the Group. During FY2020, our professional staff have participated in various external training in the form of seminars. The training topics include capital market, sponsor's due diligence, futures dealing, application of weekly index options, initial public offering due diligence process and potential red flag, 5G and the finance industry, investment in commodities, key economic indicators and investment planning, etc. In addition, we have subsidized our employees to participate in various courses and workshops, and the topics included salaries calculation in compliance with laws and regulations.

5. Health and Safety

The Group always puts the health and safety of its employees as a priority, and takes a comprehensive preventive approach to staff health and workplace safety, including illness and injury prevention. We have clear evacuation procedures in case of a fire outbreak in our offices to ensure that our employees know how to take sensible and immediate action. All employees of the Group take part to give unconditional support to build a healthy and smoke-free working environment. Smoking is strictly prohibited at all of our offices including those office areas such as washrooms and staircases. We recognize that the air quality in our offices may affect our employees' health. To this end, we employ professional cleaners to clean our offices' air conditioning facilities. Furthermore, we promote the concept of green office by decorating our offices with indoor plants to provide our staff a comfortable work environment.

Due to the COVID-19 outbreak, we have adopted various preventive measures to reduce our employees' chances of being infected or spreading the disease. These precautions include the provision of face masks and alcohol-based hand sanitizers for our employees. Other measures we have taken to prevent the spread of COVID-19 were our adoption of a "work from home" policy, reminding our employees to follow good respiratory and hand hygiene, temperature checks and ensuring the workplace is clean and hygienic.

6. Compliance

During FY2020, the Group was not involved in any non-compliance incidents relating to employment, health and safety, and labor standards that have significant impact on the Group.

VI. OPERATING PRACTICES

1. Supply Chain Management

The Group has communicated with suppliers and business partners its environmental issues and expectations, and hopes that its suppliers can cooperate with the Group to work together to fulfill the Group's social responsibility to its communities. The Group also aims to maintain long-term, stable and strategic cooperative relationships with its suppliers, and cooperate with its suppliers on the basis of equality to achieve a win-win situation. In order to establish an efficient and green supply chain system, we select suppliers and service providers that have good credit history, good reputation, high service quality, proven track records of environmental compliance and sound commitment to social responsibility. We do not conduct performance reviews of our suppliers and service providers on a regular basis, as we channel our time and resources towards effectively controlling our Group's product and service quality.

We have appointed a consultancy firm to coordinate for us the property redevelopment project at Fei Ngo Shan. We outsourced the project to a contractor following the strict tendering requirement in evaluating and selecting contractors. The process included a background review, and the contractors that tendered for this project had to meet the requirements of qualifications, law compliance, technical standards, respect the spirit of agreements, reputation and so on. Our tendering process is fully transparent, and at the same time, we keep the tender confidential so as to prevent impacting its fairness and impartiality.

2. Service Responsibility

The Group is dedicated to providing high-quality, professional services to its clients with the highest degree of integrity at competitive rates. We always strive to exceed our clients' expectations. Moreover, client satisfaction is vital to our future growth and to maintain sustainable development. We summarize below our approach in achieving this aim and the significant efforts that we have put into our operations:

(1) Licenses and Registrations

We have established a team of financial specialists who possess the necessary licenses required by laws and regulations. They are dedicated to providing quality and professional investment services to our clients. To avoid any doubt regarding the fitness, appropriateness and professional qualifications of our financial specialists, they are mandated to undertake sufficient hours of continuous professional training each year for regulated activities (refer to the section "Development and Training" above for details). We also hold a mortgage financing license, which enables us to provide relevant services to our clients in compliance with laws and regulations.

(2) Know your Client

The Group conducts "know you client" background reviews prior to opening accounts for new clients. This is to ensure that the most suitable financial services are provided to clients and to build up our customers' confidence in our financial team. The Group upholds high standards of integrity and professionalism throughout its businesses. In addition to the very strict account opening procedures that we have in place, we also have our anti-money laundering policy and procedures for our staff to follow for preventing financial crimes. Prior to account opening, we carefully verify the client's identity, business nature, investment objectives and experience, risk tolerance level, financial status, occupation, age, etc. and obtain relevant documents as proof and for our record keeping. We review and update our client profiles periodically.

(3) Customer Data Protection and Privacy Policies

We handle our clients' personal data carefully with caution and in accordance with the requirements under the applicable laws and regulations. All client personal data are kept confidentially and securely. We have to inform clients about the purpose of collecting their personal data and to whom their data will be transferred to (if the recipient is related to the Company). All client personal data collected can only be used for the sole purpose as agreed in advance. We have to obtain the client's consent prior to disclosing such information to other parties whenever necessary. We have also established a stringent data management policy, and set up adequate IT access control and measures to prevent data leakage and to prevent the hacking of our information system. For example, physical access control, firewall, anti-virus software, regular security patch, restriction on the use of USD drive, etc. We also provide information security guideline to educate and remind our employees about the importance of information security. During FY2020, there were no complaints received concerning breaches of customer privacy and loss of data.

(4) Customer Complaints

We established our policies and procedures in handling client complaints with reference to our code of conduct. Our managing director and top management are informed immediately once client complaints are received and the details and relevant documents must be properly kept. The complainers must be told how they can follow up and check the status of their cases with the Inspection Department. All client complaints have to be investigated immediately and handled properly following our managing director's or top management's instructions. The Inspection Department might assist in the investigation whenever needed. All staff involved in the complaints are not allowed to participate in the investigation. In case that the incident cannot be remediated promptly, the complainers will be informed about alternative solutions that are available to the complainers under the applicable regulatory system.

(5) Integrity

To ensure the sustainable growth of the Group's businesses, we demand all of our employees to conduct business with integrity and in compliance with the applicable laws and regulations. As employees, it is important that they understand the Group's core values. To this end, we have communicated the Group's core values to our employees. All staff members of the Group, including Directors, management and general staff are required to adhere to our internal Code of Conducts. In case of conflict between the Code of Conducts and the laws and regulations from the regulators, the stricter of the two must be followed to an extent that the local laws and regulations are not violated.

(6) Compliance

During FY2020, the Group was not involved in any violation or non-compliance incidents relating to customer services that had significant impact on the Group; and did not receive any complaints concerning breaches of customer data privacy and loss of data.

3. Anti-corruption

The Group firmly believes fairness, honesty and integrity are the important commercial assets of the Group. To comply with the "Prevention of Bribery Ordinance" enforced by the Hong Kong Independent Commission Against Corruption and other applicable laws and regulations, we strengthened our internal control system, built honesty and trust, set up our operation mission with abidance by law, integrity and quality services as its cores. Incorporating with the practical circumstances of the Group, we strengthen the system, bring the discipline inspection and supervision work in the operation process, ensure there are channels for reporting in strict confidentiality of cases of obtaining personal interests in carrying out one's job duties, briberies, extortion, fraud, money laundering in breach of policies, laws and regulations. Disciplinary actions such as termination of employment contract will be taken against those employees who are in breach of the Group's Code of Conducts. We will keep on improving our whistleblowing system and are determined to combat corruption and contribute to build a clean society.

To comply with the laws and regulations, and to protect the interests of stakeholders, our employees are required to strictly comply with policies and procedures relevant to each particular transaction including the verification of clients' identities, assessment of clients' honesty, integrity, commercial ability and creditworthiness; and to keep documents and records properly. To avoid dealing with potential money launderers, terrorist financiers or handling funds derived from any criminal activity, we refuse to operate any accounts for anonymous clients or in obviously fictitious names. Our employees are required to bring any suspicious transactions to the urgent attention of the compliance manager for review. The compliance manager will conduct a thorough investigation and determine whether suspicion remains. We have been providing appropriate training to our employees in the dealing department so that they understand the anti-money laundering and counter-terrorism techniques; and we also remind our employees of their responsibilities with respect to anti-corruption. We send periodic circulars to all our employees to alert them of any new money laundering techniques being used. We have organized seminar relating to Anti-money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance and related regulatory issues for our employees in FY2020.

During FY2020, the Group and its employees were not involved in any litigation cases of corruption.

VII. COMMUNITY INVESTMENT

As a responsible corporate citizen, the Group invests its time, energy and resources to care for the community. We take a proactive approach to support the communities where we operate, In FY2020, we have continued to contribute to various charitable activities such as the Orbis World Vision Day 2019 and Love Teeth Day 2019/2020 for the purpose of helping the needy to live better and also to support our community.

We paid tax in accordance with the applicable laws and regulations since our incorporation, and spared no effort in easing local employment pressure. We have enrolled our staff in the Mandatory Provident Fund scheme, helping them to prepare and plan for their retirement. We run our business following good practices, actively promote green energy-saving and environmentally-friendly concepts, and achieve a good development order; and to some certain extent, we have contributed to social stability and building a harmonious community.

VIII. VISION OUTLOOK

As a good corporate citizen, the Group strives to strike a balance between achieving its corporate missions and business objectives, and fulfilling its social responsibilities. We will continue to evaluate our performance in environmental protection, caring for our employees, service quality and community investment which are important to our sustainable development of the Group.

The Group will endeavor to comply with the increasingly stringent laws and regulations pertaining to environmental protection. The Group wholeheartedly cares about the environment and participates in a variety of environmental protection initiatives on an ongoing basis. As such, energy conservation and emission reduction are top priorities for the Group. Furthermore, we will continue to provide our employees a safe and high-quality working environment, as this is one of our top priorities. The Group aims to attract more talents by providing a comfortable working environment as well as competitive and commensurate remuneration to its employees. With respect to the customer service that we provide our clients, we will keep on investing resources to further raise our high standards of customer service to an even higher level. We will continue to uphold the values of the Group's founder to care for the community, support our chosen charities, and promote the community's sustainable development.

Going forward, the Group aims to enhance its business performance through the implementation of sustainable development strategies and generate long-term value for the Group and its stakeholders.

IX. ENVIRONMENTAL PERFORMANCE DATA SUMMARY

	Unit	2019/2020	2018/2019 [4]
Natural resources consumption			
Electricity:			
Total	MWh	**116.93**	117.34
Intensity [3]	MWh	**1.31**	1.05
Gasoline:			
Total	Tonnes	**5.90**	4.22
Intensity [3]	Tonnes	**0.07**	0.04
Greenhouse gas emissions ("GHG")			
Scope 1 [1]:			
Total	Tonnes	**21.67**	13.11
Intensity [3]	Tonnes	**0.24**	0.12
Scope 2 [2]:			
Total	Tonnes	**82.74**	86.76
Intensity [3]	Tonnes	**0.93**	0.77
Air emissions			
Nitrogen oxides	Grams	**60.66**	44.89
Sulfur oxides	Grams	**117.62**	84.24
Particulate matters	Grams	**4.47**	3.31

Notes:

1. Scope 1 refers to the Group's business direct GHG emissions, including combustion of gasoline.
2. Scope 2 refers to the Group's business indirect GHG emissions, including consumption of purchased electricity.
3. Intensity is based on the number of employees.
4. FY2019's comparative figures are restated to conform with FY2020's presentation.

REPORT OF THE DIRECTORS

The Directors present their report and audited financial statements of the Company and the Group for FY2020.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries consist of investment holdings, financial services, mortgage financing, property development and investment and securities trading.

RESULTS AND DIVIDENDS

The Group's results for FY2020 and the state of affairs of the Group as at 31 March 2020 are set out in the consolidated financial statements on pages 71 to 157.

The Directors did not propose the payment of a final dividend for FY2020.

The Company rewards its shareholders with cash dividend, scrip dividend, bonus warrants or bonus shares depending on the business performance and liquidity position of the Group. Therefore, there is no assurance as to what extent a particular dividend amount will be declared for any given period. The Directors may review the dividend policy as and when appropriate.

BUSINESS REVIEW

Details of the business review and future development of the Group, as well as its principal risks and uncertainties, are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 14 to 25 of this annual report.

Compliance with laws and regulations

During FY2020, as far as the Directors are aware, there were no material non-compliances with the applicable laws and regulations by the Group that has a significant impact on the Group's business and operations, which mainly included the SFO and Money Lenders Ordinance.

Relationship with stakeholders

Employees are regarded as valuable assets of the Group. For the Group's key relationship with its employees, please refer to the section headed "Employment and Labor Practices" in the ESG Report contained in this annual report.

Moreover, the Group understands the importance of maintaining good relationships with its clients and business partners. The Group continues to provide its clients value-added services and professional services under its licensed businesses and clients have been satisfied with our services. Also, the Group maintains good relationships with its referral agents which are vital for the development of its mortgage financing business.

Environmental policy and performance

Details of the Group's environmental protection practices are set out in the section headed "Environmental Protection" in the ESG Report contained in this annual report.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property, plant and equipment and investment properties of the Group are set out in notes 14 and 15 to the consolidated financial statements respectively. Further details of the Group's investment properties are set out on page 159.

SHARE CAPITAL

Details of movements in the share capital are set out in note 34 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

RESERVES

Details of movements in the reserves of the Company during FY2020 are set out in note 41(b) to the consolidated financial statements. Details of movements in the reserves of the Group during FY2020 are set out on page 75.

DISTRIBUTABLE RESERVES

As at 31 March 2020, the Company's reserves available for distribution were HK$210,211,000. Under the laws of Bermuda, the Company's share premium account, in the amount of HK$188,663,000, may be distributed in the form of fully-paid bonus shares.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate, is set out on page 158. This summary does not form part of the audited consolidated financial statements.

DIRECTORS

The Directors in FY2020 and up to the date of this report are:

Executive Directors

Mr. Cheung Hoo Win (Chief Executive Officer)
Mr. Ng Yiu Chuen
Ms. Mak Kit Ping
Ms. Zhang Yuyan (resigned on 31 March 2020)
Ms. Chen Lili (resigned on 31 March 2020)

Independent Non-Executive Directors

Mr. Li Hancheng (appointed as Non-executive Chairman on 31 March 2020)
Mr. Yeung Shun Kee
Mr. Lo Tsz Fung Philip
Mr. Zhao Qingji (resigned on 31 March 2020)
Mr. Lee Kwok Yin Denthur (resigned on 31 March 2020)

In accordance with the Company's Bye-Laws 182(vi), Mr. Ng Yiu Chuen and Mr. Lo Tsz Fung Philip shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting ("**AGM**").

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2020, none of the Directors and chief executive of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which required notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "**Model Code**").

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

None of the Directors had a material interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party in FY2020.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under Section 336 of the SFO shows that, as at 31 March 2020, the Company had been notified of the following interests in the Company:

	Number of ordinary share	Underlying shares	Total	Percentage
Mr. Cheung Chi Shing (Note 1)	1,303,448,437	260,689,687	1,564,138,124	26.45%
Ms. Yeung Han Yi Yvonne ("**Ms. Yeung**") (Note 1)	1,303,448,437	260,689,687	1,564,138,124	26.45%
Mr. Cheung Hoo Yin (Note 2)	323,469,850	64,693,969	388,163,819	6.57%

Notes:

1. Mr. Cheung Chi Shing is the spouse of Ms. Yeung. Mr. Cheung Chi Shing and Ms. Yeung, personally, held 1,121,483,607 and 182,995,344 ordinary shares and/or underlying shares of the Company respectively. They were also deemed to have interest in 259,659,173 ordinary shares and/or underlying shares held by K.Y. Limited ("**KY**"). KY is a wholly owned subsidiary of Kenvonia Holdings Limited, which was in turn held equally by Mr. Cheung Chi Shing and Ms. Yeung.

2. Mr. Cheung Hoo Yin is the son of Mr. Cheung Chi Shing and Ms. Yeung.

BONUS ISSUE OF WARRANTS

Bonus Issue of Warrants – 2018

It was announced on 15 August 2018 that the Board proposed an issue of bonus warrants to the shareholders on the basis of 1 warrant for every 5 shares (the "**Bonus Issue of Warrants — 2018**"). For details of the Bonus Issue of Warrants — 2018, please refer to the announcement of the Company dated 15 August 2018 (the "**Announcement — 2018**"). On 24 September 2018, the shareholders approved the Bonus Issue of Warrants — 2018, pursuant to which 989,226,416 warrants were issued. The initial subscription price was HK$0.01 and the subscription period was from 6 November 2018 to 5 November 2019 (both days inclusive). Full exercise of the subscription rights attaching to the 989,226,416 warrants would result in the issue of 989,226,416 new shares. As of 5 November 2019, 97,837,038 warrants had not been exercised and had lapsed accordingly. Details of the exercise of Bonus Issue of Warrants — 2018 are set out as follows:

	Number of warrants	Amount HK$'000
Number of warrants issued	989,226,416	9,892
Number of warrants exercised during FY2019	(148,931,567)	(1,489)
At 1 April 2019	840,294,849	8,403
Number of warrants exercised during FY2020	(742,457,811)	(7,425)
Balance of warrants lapsed	97,837,038	978

Up to 31 March 2020, the Group has applied the subscription monies towards the general working capital of the Group as it disclosed in the Announcement — 2018.

Bonus Issue of Warrants – 2019

On 29 July 2019, the Board proposed a new issue of bonus warrants to the shareholders on the basis of 1 warrant for every 5 shares (the "**Bonus Issue of Warrants — 2019**"). For details of the Bonus Issue of Warrants — 2019, please refer to the announcement of the Company dated 29 July 2019 (the "**Announcement — 2019**"). On 3 September 2019, the shareholders approved the Bonus Issue of Warrants — 2019, pursuant to which 1,176,096,375 warrants were issued. The initial subscription price was HK$0.01 and the subscription period was from 18 November 2019 to 17 November 2020 (both days inclusive). Full exercise of the subscription rights attaching to the 1,176,096,375 warrants would result in the issue of 1,176,096,375 new shares. Details of the exercise of Bonus Issue of Warrants — 2019 are set out as follows:

	Number of warrants	Amount HK$'000
Number of warrants issued	1,176,096,375	11,761
Number of warrants exercised during FY2020	(31,986,945)	(320)
At 31 March 2020	1,144,109,430	11,441

As disclosed in the Announcement — 2019, the Group would apply any subscription monies received as and when the subscription rights were exercised (the "**Subscription Monies**") towards the general working capital of the Group. As at 31 March 2020, the Subscription Monies were placed in a bank.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Share Option Scheme**") which enables the Company to grant options to the participants in recognition of their contribution to the Group. Pursuant to the Share Option Scheme, the Directors may, within a period of 10 years from 21 September 2012 (the "**Adoption Date**"), grant options to any director or employee, adviser, consultant, agent, contractor, customer and supplier of the Group so that they can subscribe for the shares of the Company.

Pursuant to an ordinary resolution passed at the AGM of the Company held on the Adoption Date, the total maximum number of shares (the "**Scheme Limit**") which might be issued upon exercise of all the options to be granted under the Share Option Scheme and any other share option schemes of the Company is 370,977,308 shares representing 10% of the issued share capital of the Company as at the Adoption Date. At the AGM held on 15 September 2017, shareholders of the Company approved to refresh the Scheme Limit. As a result, the new Scheme Limit has been increased to 482,125,176 shares.

Under the Share Option Scheme, there were 455,000,000 options granted on 16 May 2019, out of which 1,650,000 options have lapsed during FY2020. As at 31 March 2020, there were 453,350,000 options outstanding.

Further details of the Share Option Scheme are set out in note 35 to the consolidated financial statement.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during FY2020.

MAJOR CUSTOMERS

In FY2020, revenue from the Group's single largest and five largest customers combined accounted for approximately 3.8% and approximately 11.2%, respectively, of the Group's total revenue. In the Directors' opinion, the Group has no major suppliers in light of the nature of the Group's businesses.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 52 to 59.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors as at the latest practicable date prior to the issue of this report, the public float of the shares of the Company is sufficient.

AUDITORS

Following the resignation of UHY Vocation HK CPA Limited as the auditor of the Company on 27 March 2018, Grant Thornton Hong Kong Limited was appointed as the auditor of the Company on 27 March 2018 to fill in the vacancy. Save as disclosed above, there were no other changes in auditors of the Company during the past three years. The consolidated financial statements of the Company for the year ended 31 March 2020 were audited by Grant Thornton Hong Kong Limited.

Grant Thornton Hong Kong Limited will retire at the forthcoming AGM of the Company. A resolution will be proposed to appoint auditors and to authorize the Board to fix their remuneration.

On behalf of the Board
Cheung Hoo Win
Chief Executive Officer

Hong Kong, 24 June 2020

CORPORATE GOVERNANCE REPORT

The Board is committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, sustainable business growth and enhancing shareholders' value.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Listing Rules as its own code of corporate governance practices. The Company has complied with the applicable code provisions of the CG Code during FY2020, except for certain deviations as specified below.

BOARD OF DIRECTORS

During FY2020, the Board comprised five executive Directors, namely Mr. Cheung Hoo Win (Chief Executive Officer), Mr. Ng Yiu Chuen, Ms. Mak Kit Ping, Ms. Zhang Yuyan and Ms. Chen Lili and five independent non-executive Directors (the "**INEDs**"), namely Mr. Zhao Qingji (Chairman), Mr. Yeung Shun Kee, Mr. Li Hancheng, Mr. Lo Tsz Fung Philip and Mr. Lee Kwok Yin Denthur. The Directors believe that the composition of the Board has a balance of skills and experience that is appropriate for the requirements of the businesses of the Group.

As half of the Board members are INEDs, there is a strong independent element within the Board, which can effectively exercise independent judgment and monitor the corporate governance of the Group. All INEDs are appointed for a specific term of two years and each of them has made a confirmation on independency. After reviewing their confirmations on independency, the Company believes that they are still independent under Rule 3.13 of the Listing Rules.

During FY2020, 12 board meetings (including 4 regular board meetings to which 14 days' notice was given to all Directors) and two general meetings of the Company were held. Details of the Directors' attendance records during FY2020 are as follows:

	Number of board meetings attended	Number of general meetings attended
Executive Directors:		
Mr. Cheung Hoo Win (Chief Executive Officer)	12/12	0/2
Mr. Ng Yiu Chuen	12/12	2/2
Ms. Mak Kit Ping	10/12	2/2
Ms. Zhang Yuyan (resigned on 31 March 2020)	10/10	2/2
Ms. Chen Lili (resigned on 31 March 2020)	9/10	2/2
Independent Non-Executive Directors		
Mr. Li Hancheng (appointed as Non-executive Chairman on 31 March 2020)	12/12	2/2
Mr. Yeung Shun Kee	12/12	2/2
Mr. Lo Tsz Fung Philip	12/12	2/2
Mr. Zhao Qingji (resigned on 31 March 2020)	7/10	0/2
Mr. Lee Kwok Yin Denthur (resigned on 31 March 2020)	9/10	0/2

According to the code provision A.6.7 of the CG Code, generally, INEDs should also attend the general meetings of the Company, and according to E.1.2, the Chairman of the Board should attend the annual general meetings of the Company. Due to their other business commitments, during FY2020, two INEDs, one of whom also being the Chairman of the Board, were unable to attend the two general meetings of the Company held during FY2020.

FUNCTIONS OF THE BOARD

To avoid concentration of power in any one individual, a clear division of responsibilities between the Chairman and the Chief Executive Officer is crucial to the effective running of the Board and the day-to-day management of the Group's businesses. During FY2020, the positions of the Chairman and the Chief Executive Officer of the Company were held by 2 different Directors, namely Mr. Zhao Qingji and Mr. Cheung Hoo Win. Their roles and duties are segregated with a clear division of responsibilities.

The Board meets regularly to discuss the overall strategy as well as the operation and business performance of the Group, and to approve the Group's annual and interim results and other matters which need to be dealt with. The Board has delegated the day-to-day responsibilities to the management through the operation manuals which are reviewed from time to time to ensure that they meet the requirements of the Group's business development.

To ensure that the Directors' contribution to the Board remains informed and relevant, all of the Directors have participated in continuous professional development activities that are relevant to their performance of duties as Directors of the Company. According to the training records provided by the Directors, Ms. Mak Kit Ping, Ms. Zhang Yuyan, Ms. Chen Lili, Mr. Yeung Shun Kee and Mr. Lo Tsz Fung Philip have also attended training courses, seminars or conferences to develop and refresh their knowledge and skills. In FY2020, certain materials on legislative and regulatory updates were circulated to the Directors for them to update themselves on changes of regulations. In addition, the Group has in place a continued learning sponsorship scheme to sponsor the members of the Group including the Directors for their continuous professional development.

The Board is also responsible for performing the corporate governance duties as required under the CG Code. The major roles and functions of the Board in respect of corporate governance are:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual applicable to the employees and Directors; and
- to review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

In FY2020 and up to the date of this report, the Board has performed the corporate governance duties in accordance with its terms of reference.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy which sets out its approach to achieving diversity on the Board. The Company recognises that increasing the diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board while taking into account diversity.

BOARD COMMITTEES

Audit Committee

The Company has an Audit Committee comprising all INEDs. The principal duties of the Audit Committee are to review the Group's interim and annual results, internal controls and make recommendations to the Board. The detailed terms of reference of the Audit Committee are available for inspection on the websites of the Company and the Stock Exchange respectively.

Three Audit Committee meetings were held in FY2020. The attendance of each member of the Audit Committee is set out as follows:

Members of the Audit Committee	Number of Audit Committee meetings attended
Mr. Lo Tsz Fung Philip (Chairman)	3/3
Mr. Li Hancheng	3/3
Mr. Yeung Shun Kee	3/3
Mr. Zhao Qingji (resigned on 31 March 2020)	0/2
Mr. Lee Kwok Yin Denthur (resigned on 31 March 2020)	2/2

The Audit Committee had performed the following work in FY2020:

(i) reviewed and approved the audit scope and fee proposed by the external auditor for the annual audit for the year ended 31 March 2020;

(ii) discussed with the external auditor any major audit issues of the Group;

(iii) reviewed the change in accounting standards and assessment of its potential impacts on the Group's consolidated financial statements;

(iv) reviewed and recommended for the Board's approval of the consolidated financial statements and the related results announcement for the year ended 31 March 2019;

(v) reviewed and recommended for the Board's approval of the consolidated financial statements and the related results announcement for the six months ended 30 September 2019;

(vi) reviewed the effectiveness of the internal control systems and the risk management of the Group; and

(vii) reviewed the adequacy of the resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, and their training programmes and budget.

Remuneration Committee

The Company has a Remuneration Committee comprising all INEDs. The Remuneration Committee's principal duties are to make recommendations to the Board on the remuneration policy and structure for the Directors and senior management and to ensure that they are fairly rewarded for their individual contribution to the Group's overall performance. It is also the Remuneration Committee's duty to determine the specific remuneration packages of all Directors and senior management. The detailed terms of reference of the Remuneration Committee are available for inspection on the websites of the Company and the Stock Exchange respectively.

Four Remuneration Committee meetings were held in FY2020. The attendance of each member of the Remuneration Committee is set out as follows:

Members of the Remuneration Committee	Number of Remuneration Committee meetings attended
Mr. Yeung Shun Kee (Chairman)	4/4
Mr. Li Hancheng	4/4
Mr. Lo Tsz Fung Philip	4/4
Mr. Zhao Qingji (resigned on 31 March 2020)	1/3
Mr. Lee Kwok Yin Denthur (resigned on 31 March 2020)	2/3

The Remuneration Committee had performed the following work in FY2020:

(i) reviewed and approved the adjustment to the remuneration or salary of the Directors and senior management; and

(ii) reviewed and approved the payment of bonus or fees to certain executive Directors and senior management.

Pursuant to the code provision of B.1.5 of the CG Code, details of the annual remuneration to the members of senior management by band for FY2020 is as follows:

	Number of employees
HK$500,000 to HK$700,000	3
HK$700,001 to HK$900,000	1

Nomination Committee

The Company has set up a Nomination Committee comprising all INEDs. The Nomination Committee shall make recommendations to the Board on all new appointments or re-appointments of the Directors in accordance with the Nomination Policy. The Board shall have the final decision on all matters relating to the Nomination Committee's recommendations. The selection criteria are mainly based on the professional qualifications, work experience and time commitment of the candidates as well as the diversity policy adopted by the Board. The Nomination Committee is of the view that the Board diversity policy is followed by the Board for its composition.

For nomination of an INED, the independence of the proposed candidate will be assessed with regard to the factors laid down in the Listing Rules. There are no fixed terms of services for executive Directors while INEDs are engaged for a term of two years, subject to retirement by rotation and re-election in accordance with the provisions of the Bye-Laws of the Company. The detailed terms of reference of the Nomination Committee are available for inspection on the websites of the Company and the Stock Exchange respectively.

Two Nomination Committee meetings were held in FY2020. The attendance of each member of the Nomination Committee is set out as follows:

Members of the Nomination Committee	Number of Nomination Committee meetings attended
Mr. Li Hancheng (Chairman)	2/2
Mr. Yeung Shun Kee	2/2
Mr. Lo Tsz Fung Philip	2/2
Mr. Zhao Qingji (resigned on 31 March 2020)	0/1
Mr. Lee Kwok Yin Denthur (resigned on 31 March 2020)	1/1

The Nomination Committee had performed the following work in FY2020:

(i) reviewed the structure, size and composition of the Board to ensure they were suitable for the Group's corporate strategy and development;

(ii) reviewed and recommended for the Board's approval the proposed resolutions for re-election of the retiring Directors at the 2019 AGM;

(iii) assessed the independence of the INEDs;

(iv) reviewed the Board diversity policy; and

(v) nominated the Chairman of the Company.

Directors' Securities Transactions

The Board has adopted the Model Code as its own code for securities transactions by Directors. All members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code in FY2020.

AUDITORS' REMUNERATION

For FY2020, the remuneration paid or payable in respect of statutory audit, interim results review and internal control review by the external auditors of the Company were approximately HK$780,000, HK$80,000 and HK$85,000 respectively.

SHAREHOLDERS' RIGHTS

Convening a Special General Meeting of the Company by Shareholders

In accordance with Article 62 of the articles of association of the Company, as provided by the Companies Act, a special general meeting can be convened on the requisition of shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company. Such requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company.

Procedures for Sending Enquiries to the Board

Enquiries by shareholders to be put to the Board can be sent in writing to the Directors or Company Secretary at the principal place of business in Hong Kong. The shareholders may make any enquiry about the Company through the following hotlines:

Telephone:	(852) 2959 7200
Facsimile:	(852) 2310 4824
E-mail address:	shareholder@styland.com

For share registration related matters, such as share transfer and registration, change of name or address, loss of share certificates or dividend warrants, the Company's registered shareholders can contact the Company's branch share registrar in Hong Kong, Tricor Tengis Limited.

Procedures for Making Proposals at Shareholders' Meetings

If a shareholder of the Company wishes to nominate a person to stand for election as a Director, the following documents must be validly sent to the Company's principal place of business in Hong Kong namely (i) his/her notice of intention to propose a resolution at the general meeting; and (ii) a notice executed by the nominated candidate of the candidate's willingness to be appointed. The period for lodgment of the notices of (i) and (ii) above will commence no earlier than the day after the despatch of the notice of the general meeting and end no later than seven days prior to the date of such meeting.

To put forward proposals other than the above at a general meeting, shareholders of the Company should submit a written notice of those proposals with their detailed contact information to the Company Secretary at the Company's principal place of business in Hong Kong. The notice period to be given to all the shareholders for consideration of the proposal raised by the shareholders concerned at general meetings varies according to the nature of the proposal.

SHAREHOLDERS AND INVESTORS RELATIONS

The Board adopts an open and transparent communication policy and ensures that there is full disclosure to the public as a way to enhance corporate governance. The Board aims to provide the Company's shareholders and the public with the necessary information for them to form their own judgment on the Company. Corporate communication materials such as annual reports, interim reports and circulars are issued in printed form and are also available in electronic format on the websites of the Company, the Stock Exchange and irasia.com. There were no significant changes in the Company's constitutional documents for FY2020.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility for the preparation of the financial statements for each financial period, which shall give a true and fair view of the state of affairs of the Company. During FY2020, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue in business. Accordingly, the Board has prepared the financial statements of the Company on a going concern basis.

All of the Directors acknowledged their responsibility for preparing the financial statements of the Company for FY2020.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 65 to 70 of this annual report.

The Company announces its interim and annual results as soon as reasonably practicable after the end of the relevant financial period and the financial year respectively pursuant to the requirements of the Listing Rules, disclosing all such information as would enable the Company's shareholders to assess the performance, financial position and prospects of the Group.

Risk Management and Internal Control

The Board also acknowledges its responsibility for overseeing the Group's risk management and internal controls on an ongoing basis and reviewing their effectiveness at least annually. The management continues to allocate resources for the risk management and internal control systems to provide reasonable, though not absolute, assurance against misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives.

Risks associated to the business activities of the Group are identified and evaluated by each operating unit. The identified risks together with their control measures will be reported to the Audit Committee and the Board for approval. The Audit Committee and the Board would regularly review the risk factors and their control measures to respond to the changes in its businesses and the external environments.

The Board, through the Audit Committee, has delegated the internal audit function to an independent external assurance provider, who has conducted a review on the adequacy and effectiveness of the Group's risk management and internal control systems for FY2020.

A risk-based approach is adopted for the internal audit of the Group. The annual work plan covers the major activities and process of the Group's operation, business and service segments and corporate governance. The results of these audit activities were communicated to the Audit Committee and will be followed up for proper implementation.

Based on the report from the outsourced internal auditor, the Board considers the Group's internal control and risk management systems adequate and effective, and the Group has complied with the CG Code.

The Audit Committee has discussed with the management about the adequacy of the resources, staff qualifications and experience, training programmes and budget on the Group's accounting, financial reporting and internal control functions.

Handling and Dissemination of Inside Information

The Group had, from time to time, reminded the management of the requirements of the Listing Rules and guidelines on the inside information issued by the Stock Exchange and the SFC. The blackout notice period and Model Code are sent to the Directors regularly to arouse their awareness to preserve confidentiality of inside information. Inside information (if any) is only disseminated to specified persons on a need-to-know basis.

On behalf of the Board
Ng Yiu Chuen
Executive Director

Hong Kong, 24 June 2020

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Cheung Hoo Win (Chief Executive Officer)
Mr. Ng Yiu Chuen
Ms. Mak Kit Ping

Independent Non-Executive Directors
Mr. Li Hancheng (Non-executive Chairman)
Mr. Yeung Shun Kee
Mr. Lo Tsz Fung Philip

AUDIT COMMITTEE

Mr. Lo Tsz Fung Philip (Chairman)
Mr. Li Hancheng
Mr. Yeung Shun Kee

REMUNERATION COMMITTEE

Mr. Yeung Shun Kee (Chairman)
Mr. Li Hancheng
Mr. Lo Tsz Fung Philip

NOMINATION COMMITTEE

Mr. Li Hancheng (Chairman)
Mr. Yeung Shun Kee
Mr. Lo Tsz Fung Philip

COMPANY SECRETARY

Mr. Wang Chin Mong

AUDITOR

Grant Thornton Hong Kong Limited

LEGAL ADVISERS

As to Hong Kong Law
Michael Li & Co.
TC & Co.

As to Bermuda Law
Appleby

As to the PRC Law
Hills & Co.

PRINCIPAL BANKERS	OCBC Wing Hang Bank Limited Industrial and Commercial Bank of China (Asia) Limited China Everbright Bank Company Limited, Hong Kong Branch Bank of China (Hong Kong) Limited The Hongkong and Shanghai Banking Corporation Limited Standard Chartered Bank (Hong Kong) Limited Nanyang Commercial Bank Limited DBS Bank (Hong Kong) Limited Chong Hing Bank Limited
PRINCIPAL REGISTRAR	Ocorian Management (Bermuda) Limited Victoria Place, 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda
HONG KONG BRANCH REGISTRAR	Tricor Tengis Limited Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
REGISTERED OFFICE	Victoria Place, 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda
PRINCIPAL PLACE OF BUSINESS	28th Floor Aitken Vanson Centre 61 Hoi Yuen Road Kwun Tong, Kowloon Hong Kong Telephone: (852) 2959-3123 Facsimile: (852) 2310-4824 E-mail address: sty@styland.com
SHAREHOLDERS' SERVICE HOTLINE	Telephone: (852) 2959 7200 Facsimile: (852) 2310 4824 E-mail address: shareholder@styland.com
WEBSITE	http://www.styland.com
INVESTORS' WEBSITE	http://www.irasia.com/listco/hk/styland/

BOARD OF DIRECTORS

MR. CHEUNG HOO WIN

Chief Executive Officer and Executive Director

Mr. Cheung, aged 40, joined the Group in 2004. He was appointed executive Director in 2006 and Chief Executive Officer in 2009. Mr. Cheung graduated from Peking University (Department of International Economics and Trade). During his studies at Peking University, Mr. Cheung developed good business connections in the PRC. Previously, he worked for China Development Research Foundation, the subordinate unit of the Development Research Centre of the State Council, and was the vice-president of the Macau Energy Saving Association. Mr. Cheung is a member of the Hong Kong United Youth Association.

Mr. Cheung is responsible for the entire Group's business and development. He is also responsible for the Group's China related businesses as well as dealing with the Group's mainland customers which also have their operations in Hong Kong. Mr. Cheung is also one of the directors of the subsidiaries of the Company. Mr. Cheung is the son of Mr. Cheung Chi Shing and Ms. Yeung Han Yi Yvonne, and the brother of Mr. Cheung Hoo Yin. Mr. Cheung Chi Shing, Ms. Yeung Han Yi Yvonne and Mr. Cheung Hoo Yin are the substantial shareholders of the Company.

MR. NG YIU CHUEN

Executive Director

Mr. Ng, aged 61, joined the Group in 2010 as associate director of a subsidiary. He was appointed executive Director in December 2010. Mr. Ng obtained a bachelor's degree in Business Administration from City University of Hong Kong and was elected as Associate of The Hong Kong Institute of Bankers in 2002.

Mr. Ng has over 40 years of experience in the financing and asset management business. Prior to joining the Group, he had, for more than 18 years, held senior executive management roles and was responsible for overseeing the finance division and managing the portfolios of liquid assets for various well known international companies including GE Capital (Hong Kong) Limited and American Express Bank Limited. Mr. Ng is mainly responsible for the money lending business of the Group. Mr. Ng is also one of the directors of certain subsidiaries of the Company.

MS. MAK KIT PING

Executive Director

Ms. Mak, aged 54, joined the Group in April 2008. She was appointed executive Director in February 2012. Ms. Mak is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Ms. Mak is licensed under the Securities and Futures Ordinance for Type 1 activity (dealing in securities), Type 2 activity (dealing in futures contracts), Type 4 activity (advising on securities), Type 6 activity (advising on corporate finance) and Type 9 activity (asset management), and is one of the responsible officers of Ever-Long Securities Company Limited, Ever-Long Futures Limited, Ever-Long Research Limited and Ever-Long Capital Management Limited, all are the wholly owned subsidiaries of the Company. Ms. Mak has more than 26 years of experience in the financial industry and is mainly responsible for the Group's financial services business. Ms. Mak is also one of the directors of the subsidiaries of the Company.

MR. LI HANCHENG

Non-Executive Chairman and Independent Non-Executive Director

Mr. Li, aged 57, was appointed independent non-executive Director of the Company in 2008 and the non-executive Chairman of the Company on 31 March 2020. He graduated from Southwest University of Political Science and Law in 1984. Mr. Li had previously worked at the Supreme People's Court of the People's Republic of China as a senior judge. He possesses extensive experience and practice in law.

Mr. Li is a lawyer of the Beijing S&P (Haikou) Law Firm and the senior partner of the Beijing S&P Law Firm. He is also a member of China Maritime Law Association, All China Lawyers Association and Hainan Lawyers Association. Mr. Li is an independent non-executive director of China Minsheng Banking Corp., Ltd., a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1988) and Shanghai Stock Exchange (stock code: 600016). He is also an outside director of Beijing Electronics Holding Company Limited.

MR. YEUNG SHUN KEE

Independent Non-Executive Director

Mr. Yeung, aged 61, was appointed independent non-executive Director of the Company in 2003. He manages his own certified public accounting firm. Mr. Yeung has extensive experience in accounting, auditing and taxation works.

Mr. Yeung is a member of the Certified Public Accountants of Australia and a certified public accountant (practising) of the Hong Kong Institute of Certified Public Accountants.

MR. LO TSZ FUNG PHILIP

Independent Non-Executive Director

Mr. Lo, aged 53, was appointed as an independent non-executive Director in 2009. He graduated from the University of Wollongong, NSW Australia in 1992 with a Bachelor of Commerce degree. Currently, Mr. Lo is an independent director of Dragon Jade International Limited, a company listed on OTCQX in the United States, and the chief financial officer of China Keli Electric Company Limited, a company listed on the NEX board of TSX Venture Exchange in Canada. Mr. Lo is also the director and listing executive of Great Vision Capital Limited which is a listing advisor approved by the Dutch Caribbean Securities Exchange. Mr. Lo was a director and chief financial officer of ZZLL Information Technology Inc., a company listed on OTCQB in the United States, for the period from March 2017 to February 2018 and an executive director of Golden Century International Holdings Group Limited (stock code: 91), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited for the period from 11 September 2019 to 1 July 2020.

Mr. Lo has extensive experience in the areas of corporate management, financial accounting and auditing. Mr. Lo is a member of the Certified Public Accountants of Australia and a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

SENIOR MANAGEMENT

MR. CHOY SHUEN YAN ANDY

Director of Subsidiaries

Mr. Choy, aged 58, was appointed director of Ever-Long Securities Company Limited in 1998. He is a director of certain subsidiaries of the Company. Mr. Choy holds a Bachelor of Commerce degree from McMaster University of Ontario, Canada. Mr. Choy is licensed under the Securities and Futures Ordinance for Type 1 activity (dealing in securities) and Type 4 activity (advising on securities) and is a responsible officer of Ever-Long Securities Company Limited and Ever-Long Research Limited, both are the wholly owned subsidiaries of the Company. He has more than 30 years of experience in the securities business.

MR. TANG KWAN CHUNG

Director of Subsidiaries

Mr. Tang, aged 55, joined the Group in 2008. He is a director of certain subsidiaries of the Company. Mr. Tang obtained a Bachelor of Science degree from Middlesex University. Mr. Tang is licensed under the Securities and Futures Ordinance for Type 1 activity (dealing in securities), Type 4 activity (advising on securities) and Type 9 activity (asset management), and is a responsible officer of Ever-Long Securities Company Limited and Ever-Long Capital Management Limited, both are the wholly owned subsidiaries of the Company. Mr. Tang has more than 20 years of experience in the financial services business.

MS. HUNG LAI KAM DIANA

Director of a Subsidiary

Ms. Hung, aged 39, joined the Group as an associate director of a subsidiary in 2010. Ms. Hung holds a bachelor's degree in International Economic and Trade from Peking University and a master's degree in Business Administration from the University of Iowa. Ms. Hung has extensive experience in management. She is a director of a wholly owned subsidiary of the Company.

INDEPENDENT AUDITOR'S REPORT

Grant Thornton
致同

To the members of Styland Holdings Limited
大凌集團有限公司
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Styland Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 71 to 157 which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, 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 Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(CONTINUED)*

The key audit matters	How the matter was addressed in our audit

Expected credit losses ("ECL") allowance for loan receivables and accounts receivable

Refer to note 18 and note 19 to the consolidated financial statements and the critical judgment in applying the Group's accounting policies in note 4.2

As at 31 March 2020, the carrying amount of the Group's loan receivables and accounts receivable net of ECL allowance of HK$15,899,000 and HK$5,189,000 were HK$197,194,000 and HK$13,964,000 respectively.

The Group's ECL allowance were based on management's estimate by taking into account of creditability of individual borrowers/clients and the historical credit loss experience, adjusted for factors that are specific to the individual borrowers/clients, the fair value of assets pledged as collateral and an assessment of both the current and forecast general economic conditions at the reporting date.

We identified the ECL allowance for loan receivables and accounts receivable as a key audit matter due to estimation uncertainty inherent in the management's credit risk assessment process and the extent of judgement involved.

Our procedures in relation to the assessment of ECL allowance for loan receivables and accounts receivable included:

— Inquiring the management on the Group's established policies and procedures on credit risk management, assessing and evaluating the process with respect to identification of loan receivables from borrowers and accounts receivable from clients with indicators of impairment and the measurement of the ECL allowance;

— Evaluating the reasonableness of management's assessment on the credit quality of the borrowers/clients by examining, on sample basis, financial background, current creditworthiness, the collateral and past collection history of the borrowers/clients;

— Checking, on sample basis, the existence and estimation of the expected recoverable amount of the underlying collateral, if applicable;

— Checking, on sample basis, subsequent settlements on loan receivables and accounts receivable for the recoverability; and

— Reviewing the appropriateness of adjustments to the forward looking information.

KEY AUDIT MATTERS *(CONTINUED)*

The key audit matters	How the matter was addressed in our audit

Valuation of investment properties

Refer to note 15 to the consolidated financial statements and the key sources of estimation uncertainty in note 4.1

The key audit matters	How the matter was addressed in our audit
The Group's investment properties are located in Hong Kong. As at 31 March 2020, the Group's investment properties amounted to HK$353,000,000, represented approximately 47% of the Group's total assets. As at 31 March 2020, all of the Group's investment properties were stated at fair value based on valuations performed by independent qualified valuers (the "**Valuers**"). We identified the valuation of investment properties as a key audit matter due to the valuation is dependent on significant judgments and assumptions.	Our procedures in relation to the valuation of investment properties included: — Evaluating the competency, capabilities and objectivity of the Valuers by taking into account of their experience and qualifications; — Assessing appropriateness of the methodologies and the key assumptions used in the valuation in arriving at the fair value of investment properties; and — Assessing the reasonableness of key inputs used in the valuation by comparing with relevant market information with similar properties.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of 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 Directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

We communicate with 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

24 June 2020

Lam Yau Hing
Practising Certificate No.: P06622

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Turnover	6	**207,293**	234,787
Revenue	6	**52,265**	81,205
Costs of brokerage services		**(2,408)**	(5,395)
Other income	6	**23,333**	21,992
Administrative expenses		**(104,185)**	(112,371)
Selling and distribution expenses		**(3,477)**	(4,478)
Change in fair value of investment properties	15	**(13,959)**	55,591
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		**(4,191)**	(22,522)
(Loss)/Gain on disposal of financial assets at FVTPL		**(799)**	3,903
Impairment loss recognized in respect of intangible asset	16	**–**	(3,386)
Expected credit losses ("ECL") recognized in respect of loan receivables	18	**(4,534)**	(4,917)
ECL recognized in respect of accounts receivable	19	**(499)**	(4,658)
Reversal of ECL recognized in respect of loan receivables	18	**1,510**	5,966
Reversal of ECL recognized in respect of accounts receivable	19	**4,549**	645
Gain on disposal of subsidiaries	28	**1,255**	–
Finance costs	8	**(12,881)**	(18,010)
Loss before taxation	7	**(64,021)**	(6,435)
Income tax expense	9	**(16)**	–
Loss for the year		**(64,037)**	(6,435)
Other comprehensive expense			
Items that will not be reclassified subsequently to profit or loss			
Fair value loss on financial assets at fair value through other comprehensive income ("FVOCI")		**–**	(33,752)
Total comprehensive expense for the year		**(64,037)**	(40,187)

	Note	2020 HK$'000	2019 HK$'000
(Loss)/Profit for the year attributable to:			
— Owners of the Company		**(66,661)**	183
— Non-controlling interests		**2,624**	(6,618)
		(64,037)	(6,435)
Total comprehensive (expense)/income for the year attributable to:			
— Owners of the Company		**(66,661)**	(31,325)
— Non-controlling interests		**2,624**	(8,862)
		(64,037)	(40,187)
(Loss)/Earnings per share			
— Basic	13	**(HK1.1996 cents)**	HK0.0037 cents
— Diluted	13	**(HK1.1996 cents)**	HK0.0035 cents

The notes on pages 78 to 157 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	31 March 2020 HK$'000	31 March 2019 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**30,462**	7,478
Investment properties	15	**353,000**	347,800
Intangible asset	16	**–**	–
Financial asset at FVTPL	23	**6,323**	–
Loan receivables	18	**48,254**	46,127
		438,039	401,405
Current assets			
Loan receivables	18	**148,940**	177,245
Accounts receivable	19	**13,964**	30,457
Promissory note receivables	20	**250**	18,600
Contract assets	21	**–**	997
Other receivables, deposits and prepayments	22	**11,168**	16,262
Financial assets at FVOCI	17	**–**	–
Financial assets at FVTPL	23	**32,596**	27,721
Client trust funds	24	**56,854**	90,781
Pledged bank deposit	25	**–**	5,000
Cash and cash equivalents	26	**53,308**	112,372
		317,080	479,435
Assets of disposal group classified as held for sale	27	**–**	210,304
		317,080	689,739
Total assets		**755,119**	1,091,144
Current liabilities			
Accounts payable	29	**60,584**	106,438
Contract liabilities	21	**2,125**	1,721
Other payables and accruals		**10,115**	12,819
Promissory note payables	30	**16,020**	63,840
Loans	31	**156,190**	134,228
Bond payable	33	**2,000**	–
Lease liabilities	32	**5,627**	–
Tax payable		**16**	–
		252,677	319,046

	Note	31 March 2020 HK$'000	31 March 2019 HK$'000
Liabilities of disposal group classified as held for sale	27	**–**	221,588
		252,677	540,634
Net current assets		**64,403**	149,105
Total assets less current liabilities		**502,442**	550,510
Non-current liabilities			
Bond payable	33	**–**	2,000
Lease liabilities	32	**3,208**	–
		3,208	2,000
Net assets		**499,234**	548,510
EQUITY			
Share capital	34	**59,125**	50,951
Reserves		**440,109**	500,761
Equity attributable to the owners of the Company		**499,234**	551,712
Non-controlling interests		**–**	(3,202)
Total equity		**499,234**	548,510

Ng Yiu Chuen
Executive Director

Mak Kit Ping
Executive Director

The notes on pages 78 to 157 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Attributable to the owners of the Company									
	Share capital HK$'000	Share premium* HK$'000	Capital redemption reserve* HK$'000	Special capital reserve* HK$'000	Contributed surplus* HK$'000	Fair value reserve* HK$'000	Accumulated losses* HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2018	49,461	187,245	7,480	571,147	530,341	1,203	(750,845)	596,032	(2,890)	593,142
Profit/(Loss) for the year	–	–	–	–	–	–	183	183	(6,618)	(6,435)
Other comprehensive expense	–	–	–	–	–	(31,508)	–	(31,508)	(2,244)	(33,752)
Reclassification to accumulated losses upon disposal	–	–	–	–	–	28,000	(28,000)	–	–	–
Transactions with owners:										
Dividend recognized as distribution (note 12)	–	–	–	–	(5,935)	–	–	(5,935)	–	(5,935)
Exercise of bonus warrants (note 34)	1,490	–	–	–	–	–	–	1,490	–	1,490
Deemed distribution to non-controlling interests (note 27)	–	–	–	–	–	–	(8,550)	(8,550)	8,550	–
Total transactions with owners	1,490	–	–	–	(5,935)	–	(8,550)	(12,995)	8,550	(4,445)
At 31 March 2019	50,951	187,245	7,480	571,147	524,406	(2,305)	(787,212)	551,712	(3,202)	548,510

	Attributable to the owners of the Company										
	Share capital HK$'000	**Share premium* HK$'000**	**Capital redemption reserve* HK$'000**	**Special capital reserve* HK$'000**	**Contributed surplus* HK$'000**	**Fair value reserve* HK$'000**	**Share option reserve* HK$'000**	**Accumulated losses* HK$'000**	**Sub-total HK$'000**	**Non-controlling interests HK$'000**	**Total HK$'000**
At 1 April 2019	**50,951**	**187,245**	**7,480**	**571,147**	**524,406**	**(2,305)**	**-**	**(787,212)**	**551,712**	**(3,202)**	**548,510**
(Loss)/Profit and total comprehensive (expense)/income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(66,661)**	**(66,661)**	**2,624**	**(64,037)**
Reclassification to accumulated losses upon disposal	**-**	**-**	**-**	**-**	**-**	**2,305**	**-**	**(2,305)**	**-**	**-**	**-**
Disposal of subsidiaries (note 28)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**578**	**578**
Transactions with owners:											
Dividend recognized as distribution (note 12)	**-**	**-**	**-**	**-**	**(6,709)**	**-**	**-**	**-**	**(6,709)**	**-**	**(6,709)**
Exercise of bonus warrants (note 34)	**7,744**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,744**	**-**	**7,744**
Issue of scrip shares (note 34)	**430**	**1,418**	**-**	**-**	**-**	**-**	**-**	**-**	**1,848**	**-**	**1,848**
Recognition of equity-settled share-based payment (note 35)	**-**	**-**	**-**	**-**	**-**	**-**	**11,300**	**-**	**11,300**	**-**	**11,300**
Lapse of share options	**-**	**-**	**-**	**-**	**-**	**-**	**(41)**	**41**	**-**	**-**	**-**
Total transactions with owners	**8,174**	**1,418**	**-**	**-**	**(6,709)**	**-**	**11,259**	**41**	**14,183**	**-**	**14,183**
At 31 March 2020	**59,125**	**188,663**	**7,480**	**571,147**	**517,697**	**-**	**11,259**	**(856,137)**	**499,234**	**-**	**499,234**

* The reserves accounts comprise the Group's total reserves of HK$440,109,000 (2019: HK$500,761,000) in the consolidated statement of financial position.

The notes on pages 78 to 157 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	2020 HK$'000	2019 HK$'000
Cash flows from operating activities		
Loss before taxation	**(64,021)**	(6,435)
Adjustments for:		
Change in fair value of financial assets at FVTPL	**4,191**	22,522
Change in fair value of investment properties	**13,959**	(55,591)
Depreciation	**7,917**	1,788
Finance costs	**12,881**	18,010
ECL recognized in respect of accounts receivable	**499**	4,658
ECL recognized in respect of loan receivables	**4,534**	4,917
ECL recognized in respect of other receivables	**–**	248
Impairment loss recognized in respect of intangible asset	**–**	3,386
Bank interest income	**(200)**	(187)
Share based payment expense	**11,300**	–
Gain on disposal of subsidiaries	**(1,255)**	–
Written-off of property, plant and equipment	**–**	36
Bad debts written-off	**1,951**	2,187
Reversal of ECL recognized in respect of accounts receivable	**(4,549)**	(645)
Reversal of ECL recognized in respect of loan receivables	**(1,510)**	(5,966)
Reversal of ECL recognized in respect of other receivables	**(39)**	–
Operating loss before working capital changes	**(14,342)**	(11,072)
Decrease in accounts receivable	**20,543**	24,300
Decrease in loan receivables	**21,203**	23,942
Decrease/(Increase) in contract assets	**997**	(997)
Decrease/(Increase) in other receivables, deposits, and prepayments	**8,695**	(36,353)
(Increase)/Decrease in financial assets at FVTPL	**(5,383)**	8,860
Decrease in client trust funds	**33,927**	18,275
Decrease in accounts payable	**(45,704)**	(37,929)
Increase in contract liabilities	**404**	1,721
Increase in other payables and accruals	**980**	7,030
Decrease in promissory note receivables	**(3,932)**	(70,800)
Net cash generated from/(used in) operating activities	**17,388**	(73,023)

	2020 HK$'000	2019 HK$'000
Cash flows from investing activities		
Interest received	**200**	187
Payment to acquire property, plant and equipment	**(12,132)**	(7,551)
Payment to acquire financial assets at FVTPL	**(7,800)**	(850)
Proceeds from disposal of financial assets at FVOCI	**–**	1,800
Cash outflow from disposal of subsidiaries (note 28)	**(4,478)**	–
Payment for the redevelopment project	**(25,172)**	(17,542)
Net cash used in investing activities	**(49,382)**	(23,956)
Cash flows from financing activities		
Proceeds from loans	**45,851**	57,205
Repayment of loans	**(23,889)**	(57,019)
Interest paid	**(12,881)**	(18,010)
Proceeds from issuance of promissory note payables	**–**	214,753
Repayment of promissory note payables	**(51,438)**	(90,716)
Decrease in pledged bank deposits	**5,000**	1,310
Dividends paid	**(4,861)**	(5,935)
Proceeds from issuance of share capital	**7,744**	1,490
Payment of lease liabilities	**(5,953)**	–
Net cash (used in)/from financing activities	**(40,427)**	103,078
Net (decrease)/increase in cash and cash equivalents	**(72,421)**	6,099
Cash and cash equivalents at beginning of year	**112,372**	119,630
Cash and cash equivalents of disposal group classified as held for sale (note 27)	**13,357**	(13,357)
Cash and cash equivalents at end of year (note 26)	**53,308**	112,372

The notes on pages 78 to 157 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 31 July 1991 as an exempted company with limited liability under the Companies Act of Bermuda. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and 28th Floor, Aitken Vanson Centre, 61 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. All figures are rounded up to the nearest thousand unless otherwise specified.

The Company acts as an investment holding company. The principal activities of its subsidiaries are provision of financial services, mortgage financing, property development and investment and securities trading.

The consolidated financial statements for the year ended 31 March 2020 have been approved for issue by the board of directors (the "Board") on 24 June 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended HKFRSs and the impacts on the consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis except for the following items which are stated at fair value:

— investment properties; and

— certain financial assets

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(Continued)*

Non-current assets and disposal group held for sale are stated at the lower of carrying amount and fair value less costs to sell. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

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

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Basis of consolidation *(Continued)*

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to accumulated losses). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognized in the Company's profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.3 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognized in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the reporting date. Income and expenses have been converted into the Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognized in other comprehensive income and accumulated separately in the translation reserve in equity.

2.4 Property, plant and equipment

Property, plant and equipment (other than cost of right-of-use assets as described in note 2.10) are initially recognized at acquisition cost, including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the shorter of the term of lease or 25%
Furniture, fixtures and equipment	15%
Motor vehicles	20%

Upon the application of HKFRS 16, accounting policy for depreciation of right-of-use assets is set out in note 2.10.

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.4 Property, plant and equipment *(Continued)*

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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

2.5 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it was held under a finance lease.

On initial recognition, investment property is measured at cost and subsequently at fair value, unless its fair value cannot be reliably determined at that time.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognized at the reporting date reflect the prevailing market conditions at the reporting date.

Gains or losses arising from either changes in the fair value or the sale of an investment property are included in profit or loss in the period in which they arise.

2.6 Intangible asset

Intangible asset with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses and are tested for impairment as described below in note 2.15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.7 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those accounts receivable that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

— amortised cost;

— FVTPL; or

— FVOCI.

The classification is determined by both:

— the entity's business model for managing the financial asset; and

— the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, other income, revenue or administrative expenses, except for ECL of accounts receivable and loan receivables which are presented as a separate line item in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

— they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

— the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in other income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, pledged bank deposits, client trust funds, accounts receivable, loan receivables, promissory note receivables and other receivables and deposits fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under HKFRS 9 apply.

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 elects to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income and accumulated in "Fair value reserve" in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer's perspective.

The equity instruments at FVOCI are not subject to impairment assessment. The cumulative gain or loss in "Fair value reserve" will not be reclassified to profit or loss upon disposal of the equity investments, and will be transferred to accumulated losses.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and contract assets

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost, contract assets recognized and measured under HKFRS 15 and accounts receivable, loan receivables and promissory note receivables and loan commitments (for the issuer) that are not measured at FVTPL.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

— financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

— financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognized for the Stage 1 category while "lifetime ECL" are recognized for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Accounts receivable, loan receivables and contract assets

For accounts receivable, loan receivables and contract assets, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a probability-weighted loss default that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, accounts receivable, loan receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the accounts receivable for the same types of contracts. The Group has therefore concluded that the ECL rates for accounts receivable and loan receivables are a reasonable approximation of the loss rates for the contract assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and contract assets *(Continued)*

Other financial assets measured at amortised cost

The Group measures the loss allowance for promissory note receivables and other receivables and deposits equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets 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.

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

— an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;

— significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

— existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;

— an actual or expected significant deterioration in the operating results of the debtor;

— an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and contract assets *(Continued)*

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

Detailed analysis of the ECL assessment of accounts receivable, loan receivables, promissory note receivables, contract assets and other financial assets measured at amortised cost are set out in note 43.3.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include accounts payable, promissory note payables, loans, bond payable, lease liabilities and other payables and accruals.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

Accounting policies of lease liabilities are set out in note 2.10.

Bond payable, promissory note payables and loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in 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 or less of maturity at acquisition. For the purpose of the consolidated statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.9 Contract assets and contract liabilities

A contract asset is recognized when the Group recognises revenue (see note 2.14) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2.7 and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognized when the customer pays consideration before the Group recognises the related revenue (see note 2.14). A contract liability would also be recognized if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognized.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2.10 Leases

Policy applicable from 1 April 2019

For any new contracts entered into on or after 1 April 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

— the contracts contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

— the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

— the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.10 Leases *(Continued)*

Policy applicable from 1 April 2019 *(Continued)*

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognized as an expense in the profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less.

On the consolidated statement of financial position, right-of-use assets have been included in property, plant and equipment, the same line as it presents the underlying assets of the same nature that it owns.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.10 Leases *(Continued)*

Policy applicable before 1 April 2019

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases except that property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease.

(ii) Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognized in profit or loss on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

(iii) Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight- line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets.

Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.11 Provisions and contingent liabilities

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

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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 of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.12 Share capital

Ordinary shares are classified as equity. The amount of share capital recognized is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction are deducted from the share premium.

2.13 Non-current assets, or disposal groups held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered principally through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable or represents amounts receivable for services provided in the normal course of business and the use of the Group's assets yielding interest, and dividends net of discounts.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue is recognized in the profit or loss on the following basis:

(a) commission and brokerage income from securities and futures dealing is recognized on the trade date basis when relevant transactions are executed;

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

(c) dividend income from investments is recognized when the shareholders' rights to receive payment have been established;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.14 Revenue recognition *(Continued)*

(d) sponsor services are highly interdependent and interrelated, the Group treats all initial public offering sponsor services promised in the sponsor fee contract as a single performance obligation.

Sponsor fee income's performance obligation are satisfied over time as the Group considered that the Group's performance does not create an asset with an alternative use to the Group and the Group has a right to payment at an amount that reasonably compensates it for its performance completed to date at all times throughout the contract.

The Group measures the progress using the input method and estimates the percentage of completion by reference to the time cost incurred to date as compare to the total budgeted time cost for each project;

(e) financial advisory services is recognized progressively over time once the performance obligations fulfilled or at a point in time when the services is completed, according to the nature and terms of the contracts; and

(f) placing and underwriting service income are recognized at a point in time when relevant services are rendered.

2.15 Impairment non-financial assets

The following assets are subject to impairment testing:

— Intangible asset;

— Property, plant and equipment (including right-of-use assets); and

— The Company's interests in subsidiaries

Intangible asset with indefinite useful life are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognized as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.15 Impairment non-financial assets *(Continued)*

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit ("CGU") level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. License right is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the license right is monitored for internal management purpose and not be larger than an operating segment.

Impairment loss is charged pro rata to the assets in the CGU. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

2.16 Employee benefits

Retirement benefits scheme

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the Mandatory Provident Fund Scheme (the "**MPF Scheme**"). Contributions are made based on a percentage of the employees' basic salaries.

Payments to the MPF Scheme are recognized as expense when employees have rendered service entitling them to the contributions.

The Group's obligations under MPF Scheme are limited to the fixed percentage contributions payable.

Short-term employee benefits

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

Non-accumulating compensated absences such as sick leave and maternity leave are not recognized until the time of leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.16 Employee benefits *(Continued)*

Long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance ("**Employment Ordinance**") in the event of the termination of their employment under the circumstances specified in the Employment Ordinance. A provision is recognized in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the end of the reporting period.

Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the equity instruments awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is recognized as an expense in profit or loss over the vesting period if vesting conditions apply, or recognized as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the "share option reserve" in equity. If vesting conditions apply, the expense is recognized over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates.

At the time when the share options are exercised, the amount previously recognized in "share option reserve" will be transferred to "share capital". After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognized in "share option reserve" will be transferred to "retained profits".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.17 Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.18 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profits, including existing taxable temporary difference, will be available against which the deductible temporary differences, unused tax losses and unused tax credits, can be utilised.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.18 Accounting for income taxes *(Continued)*

For investment property measured using the fair value model in accordance with the accounting policy above, the measurement of the related deferred tax liability or asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale, unless the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognized in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (1) when the existing temporary differences will reverse and (2) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

— income or loss excluding reversals of temporary differences; and

— reversals of existing temporary differences

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognized amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.19 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

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

(i) has control or joint control over of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Group are members of the same group.

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the Group are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group (if the Group is itself such a plan) and the sponsoring employers are also related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.20 Fair value measurements

For the purposes of financial reporting, fair value measurement is categorised into Level 1, 2 and 3 of the three level fair value hierarchy as defined under the HKFRS 13. 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 measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 valuations:	Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices and not using significant unobservable inputs);
Level 3 valuations:	Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.21 Segment reporting

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

3. NEW AND AMENDED HKFRSs

3.1 New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2019

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2019:

HKFRS 16	Leases
Amendments to HKFRS 9	Payment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

Other than as noted below, the adoption of these new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

3. NEW AND AMENDED HKFRSs *(CONTINUED)*

3.1 New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2019 *(Continued)*

HKFRS 16 "Leases"

HKFRS 16 "Leases" replaces HKAS 17 "Leases" along with three Interpretations (HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease", HK(SIC)-Int 15 "Operating Leases-Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognized in equity as an adjustment to the opening balance of "accumulated losses" for the current year. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK(IFRIC)-Int 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC)-Int 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of HKFRS 16, being 1 April 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of initial application.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

As a Lessee

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to HKFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognized under HKFRS 16 was 5.84%.

The Group has used of hindsight for determining lease term when considering options to extend and terminate leases.

3. NEW AND AMENDED HKFRSs *(CONTINUED)*

3.1 New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2019 *(Continued)*

HKFRS 16 "Leases" *(Continued)*

As a Lessee *(Continued)*

The following is a reconciliation of total operating lease commitments as at 31 March 2019 to the lease liabilities recognized as at 1 April 2019:

	HK$'000
Total operating lease commitments disclosed at 31 March 2019	18,346
Recognition exemptions:	
— Leases with remaining lease term of less than 12 months	(477)
Operating leases liabilities before discounting	17,869
Discounting using incremental borrowing rate as at 1 April 2019	(1,262)
Total lease liabilities recognized under HKFRS 16 as at 1 April 2019	16,607
Classified as:	
Current lease liabilities	6,721
Non-current lease liabilities	9,886
	16,607

Total impact arising from transition to HKFRS 16

The following table summarises the impact of transition to HKFRS 16 on the Group's consolidated statement of financial position as at 1 April 2019:

	HK$'000
Increase in right-of-use assets (presented in property, plant and equipment)	16,607
Increase in lease liabilities (non-current liabilities)	9,886
Increase in lease liabilities (current liabilities)	6,721

3. NEW AND AMENDED HKFRSs *(CONTINUED)*

3.2 Issued but not yet effective HKFRSs

At the date of authorization of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions[5]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective date not yet determined
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 June 2020

The directors of the Group anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The adoption of these new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

4.1 Sources of estimation uncertainty

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

4.1 Sources of estimation uncertainty *(Continued)*

Estimated useful lives of property, plant and equipment (other than right-of-use assets)

The Group's carrying values of property, plant and equipment (other than right-of-use assets) as at 31 March 2020 was approximately HK$21,798,000 (2019: HK$7,478,000). The Group depreciates the property, plant and equipment (other than right-of-use assets) over the estimated useful lives, using the straight line method, at the rate of 15–25% per annum, commencing from the date the property, plant and equipment is available for use. The estimated useful life reflects the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment (other than right-of-use assets). The Group assesses annually the useful lives of property, plant and equipment (other than right-of-use assets) and if the expectation differs from the original estimate, such a difference may impact the depreciation for the year and the future period.

Estimated fair value

Some of the Group's assets are measured at fair value for financial reporting purposes. The management would determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent which is available. Where Level 1 inputs are not available, the Group may engage third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

As at 31 March 2020, the Group's investment properties are stated at fair value of HK$353,000,000 (2019: HK$347,800,000) based on the valuations performed by independent qualified valuers. The best evidence of fair value is current prices in an active market for similar property in the same location and condition and subject to the same lease or other contracts. In the absence of such information, the valuers determine the fair values of investment properties with different valuation techniques which involves significant unobservable inputs, details of which are as set out in note 15. Favorable or unfavorable changes to these significant unobservable inputs would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

Impairment of license right

In determining whether license right is impaired requires an estimation of the value in use of the CGUs to which license right has been allocated. 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, a material impairment loss may arise. For the year ended 31 March 2019 impairment loss of HK$3,386,000 has been recognized for license right. The carrying amount as at 31 March 2020 was HK$Nil (2019: HK$Nil). Details of the impairment testing on license right are set out in note 16.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

4.2 Critical judgements in applying the Group's accounting policies

ECL on financial assets and contract assets

The Group makes allowances on items subjects to ECL (including accounts receivable, contract assets, loan receivables, promissory note receivables and other financial assets measured at amortised cost) based on assumptions in determining the probability of default and loss given defaults. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, collateral as well as forward looking estimates at the end of each reporting period as set out in note 2.7.

As at 31 March 2020, the carrying amount of accounts receivable is approximately HK$13,964,000 (net of ECL allowance of approximately HK$5,189,000), the carrying amount of loan receivables is approximately HK$197,194,000 (net of ECL allowance of approximately HK$15,899,000) and the carrying amount of promissory note receivables is approximately HK$250,000 (net of ECL allowance of HK$Nil).

As at 31 March 2019, the carrying amount of accounts receivable is approximately HK$30,457,000 (net of ECL allowance of approximately HK$9,239,000), the carrying amount of contract assets is approximately HK$997,000 (net of ECL allowance of HK$Nil), the carrying amount of loan receivables is approximately HK$223,372,000 (net of ECL allowance of approximately HK$25,614,000) and the carrying amount of promissory note receivables is approximately HK$18,600,000 (net of ECL allowance of HK$Nil).

5. SEGMENT INFORMATION

Information reported to the executive Directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the type of services provided or products traded. The Group's reportable segments under HKFRS 8 are as follows:

— the financial services segment provides securities and futures dealing, brokerage financing, corporate finance, asset management and other financing services;

— the mortgage financing segment engages in corporate and personal loans that are secured by real properties;

— the property development and investment segment engages in property redevelopment and letting of properties; and

— the securities trading segment engages in trading of securities and derivative products.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31 March 2020

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue:						
Revenue from external customers	30,301	21,442	–	522	–	52,265
Inter-segment revenue	511	–	–	–	(511)	–
	30,812	21,442	–	522	(511)	52,265
Segment results	(16,124)	13,840	(15,281)	(4,020)	–	(21,585)
Unallocated income						231
Unallocated expenses						(42,667)
Loss before taxation						(64,021)

5. SEGMENT INFORMATION *(CONTINUED)*

Segment revenue and results *(Continued)*

For the year ended 31 March 2019

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue:						
Revenue from external customers	57,441	23,490	–	274	–	81,205
Inter-segment revenue	343	–	–	–	(343)	–
	57,784	23,490	–	274	(343)	81,205
Segment results	(22,207)	15,286	54,954	(18,940)	–	29,093
Unallocated income						187
Unallocated expenses						(35,715)
Loss before taxation						(6,435)

The accounting policies of the reportable segments described in note 2.21 are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of unallocated administrative expenses, unallocated sundry income, unallocated directors' remunerations, bank interest income and finance costs (other than interest on lease liabilities). This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment revenue are charged at prevailing market rates.

5. SEGMENT INFORMATION *(CONTINUED)*

Segment assets and liabilities

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

As at 31 March 2020

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Unallocated HK$'000	Total HK$'000
Segment assets	**164,077**	**123,869**	**372,475**	**32,596**	**62,102**	**755,119**
Segment liabilities	**75,046**	**22,094**	**156,516**	**34**	**2,195**	**255,885**

As at 31 March 2019

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Unallocated HK$'000	Total HK$'000
Segment assets	246,323	135,318	351,668	27,721	119,810	880,840
Assets of disposal group classified as held for sale						210,304
						1,091,144
Segment liabilities	151,100	32,429	72,440	5	65,072	321,046
Liabilities of disposal group classified as held for sale						221,588
						542,634

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

— all assets are allocated to reportable segments other than pledged bank deposit, cash and cash equivalents, unallocated property, plant and equipment, and unallocated other receivables, deposits and prepayments; and

— all liabilities are allocated to reportable segments other than unallocated other payables and accruals.

5. SEGMENT INFORMATION *(CONTINUED)*

Other segment information

For the year ended 31 March 2020

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measurement of segment profit or loss or segment assets						
Change in fair value of investment properties	–	–	(13,959)	–	–	(13,959)
Change in fair value of financial assets at FVTPL	–	–	–	(2,714)	(1,477)	(4,191)
Loss on disposal of financial assets at FVTPL	–	–	–	(799)	–	(799)
ECL recognized in respect of loan receivables	(4,534)	–	–	–	–	(4,534)
ECL recognized in respect of accounts receivable	(499)	–	–	–	–	(499)
Reversal of ECL recognized in respect of loan receivables	784	726	–	–	–	1,510
Reversal of ECL recognized in respect of accounts receivable	4,549	–	–	–	–	4,549
Reversal of ECL recognized in respect of other receivables	–	39	–	–	–	39
Bad debt recovery for loan receivables	192	–	–	–	–	192
Depreciation – owned assets	(1,188)	(33)	(188)	–	(358)	(1,767)
Depreciation – right-of-use assets	(4,947)	–	–	–	(1,203)	(6,150)
Gain on disposal of subsidiaries	1,255	–	–	–	–	1,255
Gain on exchange difference, net	414	–	11	–	(3)	422
Additions to non-current assets (note)	294	582	31,432	–	419	32,727
Amounts regularly provided to chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:						
Bank interest income	–	–	–	–	200	200
Finance costs	(494)	–	–	–	(12,387)	(12,881)

Note: The amounts excluded those additions to loan receivables and financial asset at FVTPL.

5. SEGMENT INFORMATION *(CONTINUED)*

Other segment information *(Continued)*

For the year ended 31 March 2019

	Financial services HK$'000	Mortgage financing HK$'000	Property development and investment HK$'000	Securities trading HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measurement of segment profit or loss or segment assets						
Change in fair value of investment properties	–	–	55,591	–	–	55,591
Change in fair value of financial assets at FVTPL	–	–	–	(22,522)	–	(22,522)
Gain on disposal of financial assets at FVTPL	–	–	–	3,903	–	3,903
Impairment loss recognized in respect of intangible asset	(3,386)	–	–	–	–	(3,386)
ECL recognized in respect of loan receivables	(2,317)	(2,600)	–	–	–	(4,917)
ECL recognized in respect of accounts receivable	(4,658)	–	–	–	–	(4,658)
ECL recognized in respect of other receivables	–	(248)	–	–	–	(248)
Reversal of ECL recognized in respect of loan receivables	1,449	4,517	–	–	–	5,966
Reversal of ECL recognized in respect of accounts receivable	645	–	–	–	–	645
Bad debt recovery for loan receivables	–	282	–	–	–	282
Depreciation	(1,130)	(48)	(101)	–	(509)	(1,788)
Gain on exchange difference, net	1,592	–	–	–	–	1,592
Written-off of property, plant and equipment	(34)	(2)	–	–	–	(36)
Additions to non-current assets (note)	2,952	23	27,488	–	851	31,314
Amounts regularly provided to chief operating decision maker but not included in the measurement of segment profit or loss or segment assets:						
Bank interest income	–	–	–	–	187	187
Finance costs	–	–	–	–	(18,010)	(18,010)

Note: The amounts excluded those additions to loan receivables and intangible asset.

5. SEGMENT INFORMATION *(CONTINUED)*

Geographical information

The Group's operations are located in Hong Kong. All of the Group's non-current assets (excluding financial asset at FVTPL and loan receivables) are located in Hong Kong. In addition, all of the Group's revenue during the years ended 31 March 2020 and 2019 were derived from Hong Kong.

Information about major customers

During the year ended 31 March 2020, no customer individually contributed over 10% of the Group's revenue (2019: Nil)

6. TURNOVER, REVENUE AND OTHER INCOME

Turnover represents the amounts received and receivable from trading of securities, fees and commission income from brokerage and corporate finance, interest income from mortgage, margin and other financing and dividend income. Details of the Group's turnover, revenue and other income are analysed as follows:

	2020 **HK$'000**	2019 HK$'000
Turnover and revenue		
Fees and commission income from brokerage, corporate finance and asset management	**10,240**	26,933
Interest income from margin and other financing	**20,061**	30,508
Interest income from mortgage financing	**21,442**	23,490
Dividend income	**522**	274
Revenue for the year	**52,265**	81,205
Proceeds from trading of securities	**155,028**	153,582
Turnover for the year	**207,293**	234,787
Other income		
Arrangement fee income	**18,448**	5,441
Bank interest income	**200**	187
Bad debt recovery from loan receivables	**192**	282
Reversal of ECL recognized in respect of other receivables	**39**	–
Consultancy fee income	**508**	342
Coordination fee income	**1,006**	2,665
Gain on exchange difference, net	**422**	1,592
Management fee income	**120**	2,599
Penalty interest income	**272**	390
Service fee income	**587**	6,054
Sundry income	**1,539**	2,440
	23,333	21,992

6. TURNOVER, REVENUE AND OTHER INCOME *(CONTINUED)*

Disaggregation of revenue from contracts with customers

During the year ended 31 March 2020, the Group derives revenue recognized over time and at a point in time from its fees and commission income from brokerage and corporate finance as follows:

	2020 HK$'000	2019 HK$'000
Timing of revenue recognition		
— At a point in time	**6,915**	19,003
— Over time	**3,325**	7,930
	10,240	26,933

7. LOSS BEFORE TAXATION

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

	2020 HK$'000	2019 HK$'000
Staff costs (including directors' emolument):		
— salaries, allowances and other benefits	**51,626**	57,885
— retirement benefit scheme contributions	**1,422**	1,553
— share-based payment expenses	**10,332**	–
Auditor's remuneration	**780**	980
Bad debt written off	**1,951**	2,187
Depreciation of property, plant and equipment		
— owned assets	**1,767**	1,788
— right-of-use assets	**6,150**	–
Gain on exchange difference, net	**422**	1,592
Written-off of property, plant and equipment	**–**	36
Lease payment for rented premises		
— under operating leases	**–**	8,142
— Short-term leases and leases with lease term shorter than 12 months as at initial application of HKFRS16	**577**	–
Impairment loss recognized in respect of intangible asset	**–**	3,386
ECL recognized in respect of loan receivables	**4,534**	4,917
ECL recognized in respect of accounts receivable	**499**	4,658
ECL recognized in respect of other receivables	**–**	248

8. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest on:		
— secured bank loans	**6,433**	5,537
— bank overdraft	**3**	3
— promissory note payables	**8,137**	13,601
— other secured loans	**1,247**	1,737
— lease liabilities	**543**	–
	16,363	20,878
Less: Loan interest capitalised	**(3,482)**	(2,868)
	12,881	18,010

9. INCOME TAX EXPENSE

For the year ended 31 March 2020, Hong Kong profits tax was calculated at a flat rate of 16.5%.

For the year ended 31 March 2020, a subsidiary of the Group is a qualifying corporation under the two-tiered profits tax rates regime.

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of assessable profits of qualifying entities will be taxed at 8.25%, and the assessable profits above HK$2,000,000 will be taxed at 16.5%.

No provision for Hong Kong profits tax has been made in the consolidated financial statements for the year ended 31 March 2019 as the Company and its subsidiaries either has available losses brought forward from prior years to offset the assessable profits generated during the year or did not generate any assessable profits arising in Hong Kong during the year.

	2020 HK$'000	2019 HK$'000
Current tax		
Hong Kong profits tax		
— Current year	**6**	–
— Under provision in respect of prior year	**10**	–
	16	–

9. INCOME TAX EXPENSE *(CONTINUED)*

Reconciliation between tax expense and accounting loss at applicable tax rates:

	2020 HK$'000	2019 HK$'000
Loss before taxation	**(64,021)**	(6,435)
Tax at applicable income tax rate	**(10,563)**	(1,062)
Tax effect of expenses not deductible for tax purpose	**6,257**	8,235
Tax effect of income not taxable for tax purpose	**(436)**	(9,842)
Tax effect of temporary differences not recognized	**34**	(329)
Tax effect of tax losses not recognized	**6,738**	6,125
Utilisation of tax loss previously not recognized	**(2,024)**	(3,127)
Under provision in respect of prior years	**10**	–
Income tax expense for the year	**16**	–

As at 31 March 2020, the Group has unused tax losses of approximately HK$434,142,000 (2019: HK$393,348,000) available for offset against future profits. No deferred tax asset has been recognized of such losses due to the unpredictability of future profit streams for certain subsidiaries. The tax losses are subject to the agreement from the Hong Kong Inland Revenue Department and may be carried forward indefinitely.

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Year ended 31 March 2020	Fees HK$'000	Other emoluments: Salaries, allowances and other benefits HK$'000	Other emoluments: Discretionary bonus HK$'000	Other emoluments: Retirement benefit scheme contributions HK$'000	Total HK$'000
Name of Director					
Executive Directors					
Cheung Hoo Win (Chief Executive Officer)	–	618	52	18	688
Ng Yiu Chuen	–	1,104	293	18	1,415
Mak Kit Ping	–	1,086	353	47	1,486
Zhang Yuyan (note a)	–	150	38	–	188
Chen Lili (note a)	–	120	–	–	120
Independent Non-Executive Directors					
Zhao Qingji (Chairman) (note a)	200	–	–	–	200
Yeung Shun Kee	100	–	–	–	100
Li Hancheng (note b)	100	–	–	–	100
Lo Tsz Fung Philip	150	–	–	–	150
Lee Kwok Yin Denthur (note a)	100	–	–	–	100
	650	3,078	736	83	4,547

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(CONTINUED)*

Year ended 31 March 2019	Fees	Other emoluments: Salaries, allowances and other benefits	Other emoluments: Discretionary bonus	Other emoluments: Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Name of Director					
Executive Directors					
Cheung Hoo Win (Chief Executive Officer)	–	578	72	18	668
Ng Yiu Chuen	–	988	205	18	1,211
Mak Kit Ping	–	1,045	–	45	1,090
Zhang Yuyan	–	150	–	–	150
Chen Lili	–	120	–	–	120
Independent Non-Executive Directors					
Zhao Qingji (Chairman)	200	–	–	–	200
Yeung Shun Kee	100	–	–	–	100
Li Hancheng	100	–	–	–	100
Lo Tsz Fung Philip	150	–	–	–	150
Lee Kwok Yin Denthur	100	–	–	–	100
	650	2,881	277	81	3,889

No emoluments were paid by the Group to any directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2019: Nil).

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2019: Nil).

Notes:

(a) Resigned on 31 March 2020.

(b) Appointed as the non-executive chairman of the Company on 31 March 2020.

11. FIVE HIGHEST PAID INDIVIDUALS

During the year ended 31 March 2020, one director of the Company was the five highest paid individuals (2019: Nil), whose emoluments have been included in note 10 above. The emoluments of the remaining four (2019: five) individuals for the years ended 31 March 2020 and 2019 were as follows:

	2020 HK$'000	2019 HK$'000
Salaries, allowances and other benefits	**12,855**	18,025
Retirement benefit scheme contributions	**72**	88
Share-based payment expenses	**13**	–
	12,940	18,113

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2019: Nil).

The emoluments fall within the following bands:

	Number of employees	
	2020	2019
Emolument bands:		
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**–**	1
HK$3,500,001 to HK$4,000,000	**–**	1
HK$4,000,001 to HK$4,500,000	**–**	–
HK$4,500,001 to HK$5,000,000	**1**	2
HK$5,000,001 to HK$5,500,000	**1**	–
	4	5

12. DIVIDENDS

	2020 HK$'000	2019 HK$'000
Dividends recognized as distribution during the year:		
2018 final dividend — HK0.12 cents per share	–	5,935
2019 final dividend — HK0.125 cents per share with a scrip alternative	6,709	–
	6,709	5,935

13. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share was based on the loss for the year attributable to the owners of the Company of HK$66,661,000 (2019: profit for the year attributable to the owners of the Company of HK$183,000) and the weighted average number of 5,556,886,773 ordinary shares (2019: 4,993,501,865 ordinary shares) in issue during the year ended 31 March 2020.

Diluted loss per share for the year ended 31 March 2020 was the same as basic loss per share. The computation of diluted loss per share has not assumed the conversion of the Company's outstanding warrants (note 34) and the exercise of share option (note 35) since the conversion or exercise would result in a decrease in loss per share.

The calculation of diluted earnings per share for the year ended 31 March 2019 was based on the profit for the year attributable to the owners of the Company of HK$183,000 and the weighted average number of 4,993,501,865 ordinary shares in issue during the year and adjusting for the potential dilutive ordinary shares of 280,252,749 arising from the outstanding warrants granted.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Premises held under leases (note) HK$'000	Total HK$'000
Cost					
At 31 March 2019	**6,660**	**9,305**	**3,013**	**–**	**18,978**
Adjustment from adoption of HKFRS 16 (note 3.1)	**–**	**–**	**–**	**16,607**	**16,607**
At 1 April 2019, adjusted	**6,660**	**9,305**	**3,013**	**16,607**	**35,585**
Additions	**15,755**	**332**	**–**	**963**	**17,050**
Written off	**(879)**	**(32)**	**–**	**–**	**(911)**
Early termination of lease	**–**	**–**	**–**	**(3,164)**	**(3,164)**
At 31 March 2020	**21,536**	**9,605**	**3,013**	**14,406**	**48,560**
Accumulated Depreciation					
At 1 April 2019	**2,032**	**7,393**	**2,075**	**–**	**11,500**
Charge for the year	**505**	**943**	**319**	**6,150**	**7,917**
Written off	**(879)**	**(32)**	**–**	**–**	**(911)**
Early termination of lease	**–**	**–**	**–**	**(408)**	**(408)**
At 31 March 2020	**1,658**	**8,304**	**2,394**	**5,742**	**18,098**
Net book value					
At 31 March 2020	**19,878**	**1,301**	**619**	**8,664**	**30,462**
Cost					
At 1 April 2018	4,586	8,780	2,177	–	15,543
Additions	5,916	799	836	–	7,551
Written off	(2,568)	(102)	–	–	(2,670)
Transferred to disposal group classified as held for sale (note 27)	(1,274)	(172)	–	–	(1,446)
At 31 March 2019	6,660	9,305	3,013	–	18,978
Accumulated Depreciation					
At 1 April 2018	4,272	6,690	1,606	–	12,568
Charge for the year	471	848	469	–	1,788
Written off	(2,535)	(99)	–	–	(2,634)
Transferred to disposal group classified as held for sale (note 27)	(176)	(46)	–	–	(222)
At 31 March 2019	2,032	7,393	2,075	–	11,500
Net book value					
At 31 March 2019	4,628	1,912	938	–	7,478

Note: As at 31 March 2020, premises held under leases of the Group's right-of-use assets in relation to office premises. The details in relation to additions to right-of-use assets during the year ended 31 March 2020 are set out in note 32.

15. INVESTMENT PROPERTIES

	2020 HK$'000	2019 HK$'000
At 1 April	**347,800**	268,446
Subsequent expenditures capitalised	**15,677**	20,895
Finance costs capitalised (note 8)	**3,482**	2,868
Changes in fair value recognized in profit or loss	**(13,959)**	55,591
At 31 March	**353,000**	347,800
Represents:		
Investment properties		
— Under construction	**312,000**	303,000
— In use	**41,000**	44,800
	353,000	347,800

The investment properties are situated in Hong Kong held under medium-term leases.

The Group's properties held to earn rental or for capital appreciation purposes are classified as investment properties and measured using the fair value model.

At the end of the reporting period, the Group's investment properties of approximately HK$353,000,000 (2019: HK$347,800,000) have been pledged to secure the loans granted to the Group (note 31).

The fair value of the investment property in use as at 31 March 2020 and 2019 was revalued by Vigers Appraisal & Consulting Limited, the independent qualified valuers who have the recent experience in the location and category of property being valued, which was based on the direct comparison approach, assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market while appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property.

The fair value of the investment property under construction as at 31 March 2020 and 2019 was revalued by Jones Lang LaSalle Limited by using the residual approach with reference to estimated sales prices of similar completed property allowing for the outstanding development cost, primarily construction cost to complete. The estimated sales prices were determined based on the direct comparison approach by making reference to comparable sales transactions as available in the relevant market with appropriate adjustments on differences in location, size and other characters between the comparable properties and the subject property.

15. INVESTMENT PROPERTIES *(CONTINUED)*

The adjustment on unit price of the investment properties based on location, size and other characters are considered as key unobservable inputs. If it had been 1% higher/lower and all other variables were held constant, the fair value of the investment properties and the Group's post-tax profit for the year ended 31 March 2020 would increase/decrease by HK$400,000.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use and is categorised as Level 3 of the three-level fair value hierarchy as defined under HKFRS 13.

There were no changes to the valuation techniques during the year.

16. INTANGIBLE ASSET

	HK$'000
Cost at 1 April 2018	**3,386**
Less: Impairment loss	**(3,386)**
At 31 March 2019, 1 April 2019 and 31 March 2020	**–**

The intangible asset represents a license right acquired as part of a business combination of Ever-Long Capital Management Limited. The license carries a right to conduct asset management business in Hong Kong, and has no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the license right is considered by the management of the Group as having an indefinite useful life and is not amortised. It is tested for impairment annually and whenever there is an indication that it may be impaired. The license right is fully impaired as at 31 March 2019 and 2020.

During the year ended 31 March 2019, the directors of the Company conducted a review of the Group's license right and determined that the recoverable amount of license right is less than its carrying amount which is resulted from the unstable financial market. Accordingly, impairment loss of HK$3,386,000 was recognized during the year ended 31 March 2019.

As at 31 March 2019, the recoverable amount of the cash-generating units arising from Ever-Long Capital Management Limited is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a 5-year period without any growth rate, and discount rate of 19.64% per annum was used as the cash-generating units estimated a cash outflows during the 5-year period.

17. FINANCIAL ASSETS AT FVOCI

	2020 HK$'000	2019 HK$'000
At 1 April	–	39,268
Additions to unlisted equity securities	–	1,250
Changes in fair value	–	(33,752)
Disposal	–	(6,000)
Reclassified to assets of disposal group held for sale (note 27)	–	(766)
At 31 March	–	–

As at 31 March 2019, the investment in unlisted equity securities represent equity interest in a private entity that offers the Group the opportunity for return through dividend income. The Group designated the unlisted investment as financial assets at FVOCI upon the initial application of HKFRS 9. As at 31 March 2019, the investment in unlisted security is measured at fair value.

The fair value of unlisted equity investment is determined using the net assets value approach of the entity. The effects of unobservable inputs are not significant.

18. LOAN RECEIVABLES

	2020 HK$'000	2019 HK$'000
Securities dealing and brokerage services		
— Secured margin loans	**24,452**	69,212
Less: ECL allowance	**(3,066)**	(15,302)
	21,386	53,910
Financing business		
— Secured mortgage loans	**126,677**	141,413
— Secured loans	**44,553**	23,857
— Unsecured loans	**17,411**	14,504
Less: ECL allowance	**(12,833)**	(10,312)
	175,808	169,462
	197,194	223,372
The Group's loan receivables (net of ECL allowance) are analysed into:		
— Non-current assets	**48,254**	46,127
— Current assets	**148,940**	177,245
	197,194	223,372

Securities dealing and brokerage services:

Loan receivables under secured margin loans of approximately HK$24,452,000 (2019: HK$69,212,000) are repayable on demand and bear interests at interest rates with reference to prime rate plus a spread for both years.

The amount of credit facilities granted to clients is determined by reference to the market value of the collateral securities held by the Group. As at 31 March 2020, the total market value of securities pledged as collateral in respect of the loans to clients was approximately HK$64,878,000 (2019: HK$157,242,000).

18. LOAN RECEIVABLES *(CONTINUED)*

Financing business:

Loan receivables bear interests at interest rates with reference to commercial rates. Loan receivables which would be received over one year were recorded as non-current receivables. As at 31 March 2020, the total market value of properties pledged as collateral in respect of the mortgage loans was approximately HK$329,401,000 (2019: HK$411,603,000).

As at 31 March 2020, the secured loans were secured by borrower's securities accounts with market value of approximately HK$19,258,000 (2019: HK$37,511,000) as collateral.

The aging analysis of the Group's loan receivables for the financing business, net of ECL allowance, based on the loans release date at the end of the reporting period is as follows:

	2020 **HK$'000**	2019 HK$'000
Within 6 months	**99,096**	82,356
Over 6 months but not more than 1 year	**36,690**	38,816
Over 1 year	**40,022**	48,290
	175,808	169,462

The aging analysis for the carrying amount of loan receivables in financing business, based on contractual maturity date, is as follows:

	2020 **HK$'000**	2019 HK$'000
On demand or within 1 year	**127,554**	123,335
In more than 1 year but not more than 5 years	**11,879**	7,201
Over 5 years	**36,375**	38,926
	175,808	169,462

18. LOAN RECEIVABLES *(CONTINUED)*

Financing business: *(Continued)*

The movement in the ECL allowance of loan receivables is as follows:

	Financing business		Margin clients		Total	
	2020 HK$'000	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000
At 1 April	**10,312**	12,229	**15,302**	27,916	**25,614**	40,145
ECL recognized for the year	**3,923**	2,600	**611**	2,317	**4,534**	4,917
Reversal of ECL recognized for the year	**(735)**	(4,517)	**(775)**	(1,449)	**(1,510)**	(5,966)
Written-off	**(667)**	–	**(12,072)**	(13,482)	**(12,739)**	(13,482)
At 31 March	**12,833**	10,312	**3,066**	15,302	**15,899**	25,614

19. ACCOUNTS RECEIVABLE

	2020 HK$'000	2019 HK$'000
Accounts receivable	**19,153**	39,696
Less: ECL allowance	**(5,189)**	(9,239)
	13,964	30,457

	2020 HK$'000	2019 HK$'000
Balance relating to:		
— Securities and futures dealing and brokerage services	**12,514**	30,307
— Others	**1,450**	150
	13,964	30,457

The general settlement terms of accounts receivable attributable to the securities dealing and the brokerage services are two days after the trade date.

19. ACCOUNTS RECEIVABLE *(CONTINUED)*

An aging analysis of the Group's accounts receivable net of ECL allowance presented based on the invoice date at the end of the reporting period is as follows:

	2020 HK$'000	2019 HK$'000
Within 6 months	**11,667**	22,352
Over 6 months but not more than 1 year	**795**	3,402
Over 1 year	**1,502**	4,703
	13,964	30,457

As at 31 March 2020, the Group held listed securities in client accounts with market value of approximately HK$55,481,000 (2019: HK$95,098,000) as collateral over secured balances of HK$10,434,000 (2019: HK$19,677,000).

The directors of the Company consider that the fair values of accounts receivable which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The movement in the ECL allowance of accounts receivable is as follows:

	2020 HK$'000	2019 HK$'000
At 1 April	**9,239**	5,226
ECL recognized for the year	**499**	4,658
Reversal of ECL recognized for the year	**(4,549)**	(645)
At 31 March	**5,189**	9,239

20. PROMISSORY NOTE RECEIVABLES

	2020 HK$'000	2019 HK$'000
Promissory note receivables	**250**	18,600

As at 31 March 2020, the promissory note receivables bore interest at the rate of 8% (2019: 8%) per annum and are repayable within one year.

The directors of the Company consider that the fair values of promissory note receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

21. CONTRACT ASSETS/CONTRACT LIABILITIES

	2020 HK$'000	2019 HK$'000
Contract assets arising from:		
Corporate finance services	**–**	997
Contract liabilities arising from:		
Corporate finance services	**2,125**	1,721

The contract assets represent rights to consideration for work performed but not yet billed for the corporate finance services and are expected to be transferred to accounts receivable within one year.

When the Group receives a deposit before the commencement of services provided, this will give rise to a contract liability at the start of a contract until the revenue recognized on the project could cover the amount of the deposit. The contract liabilities represent receipts in advance for the corporate finance services and are expected to be recognized as revenue within one year.

The performance obligation subject to completion as at 31 March 2020 was approximately HK$10,525,000 (2019: HK$9,871,000), which is expected to be recognized as revenue within one year.

Contract liabilities outstanding at the beginning of the year amounting to HK$141,000 have been recognized as revenue during the year.

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 HK$'000	2019 HK$'000
Deposits	**6,203**	6,946
Prepayments	**1,650**	1,794
Interest receivables	**2,123**	2,431
Other receivables	**2,235**	6,255
	12,211	17,426
Less: ECL allowance	**(1,043)**	(1,164)
	11,168	16,262

The movement in the ECL allowance of other receivables and deposits is as follows:

	2020 HK$'000	2019 HK$'000
At 1 April	**1,164**	1,127
ECL recognized for the year	**–**	248
Written-off	**(82)**	(211)
Reversal	**(39)**	–
At 31 March	**1,043**	1,164

The directors of the Company consider that the fair values of other receivables, deposits and prepayments which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

23. FINANCIAL ASSETS AT FVTPL

	2020 HK$'000	2019 HK$'000
Non-current assets:		
Investment in a life insurance policy (note a)	**6,323**	–
Current assets:		
Securities held-for-trading:		
— Listed equity securities — Hong Kong (note b)	**32,596**	27,721
	38,919	27,721

Note a: During the year ended 31 March 2020, the Group entered into a life insurance policy with an insurance company to insure Mr. Cheung Hoo Win, the Chief Executive Officer of the Company.

The total sum insured is approximately US$3,876,000 (equivalent to approximately HK$30,233,000) ("Sum Assured"). The Group is the policy holder and the beneficiary of the policy. The Group has paid an one-off premium of US$1,000,000 (equivalent to approximately HK$7,800,000). The Group can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of termination. The cash value is determined by the premium paid plus accumulated interest earned minus the accumulated insurance policy charges and any applicable surrender charge ("Cash Value").

In addition, if the termination and withdrawal of the policy are made between the 1st to 15th policy years, there is a specified amount of surrender charge. The surrender charge in full or partial termination would be calculated based on the number of years the policy has been in force and charged at the range from 0.23% to 3.28% of Sum Assured. The insurance company will pay the Group an interest on the outstanding Cash Value of the policy at the prevailing interest rate fixed by the insurance company and a minimum guaranteed interest of 2% per annum is guaranteed by the insurance company.

The investment in a life insurance policy is denominated in United States dollars ("US$") and the fair value is determined with reference to the Cash Value as provided by the insurance company. The entire balance of investment in a life insurance policy have been pledged to a bank as security for the banking facilities granted to the Group.

Note b: The fair values of the above listed securities are determined based on the quoted market bid prices available on the relevant exchange.

As at 31 March 2020, listed equity securities of HK$5,125,000 (2019: HK$6,421,000) have been pledged to a bank as security for the banking facilities granted to the Group.

24. CLIENT TRUST FUNDS

The Group maintains segregated trust accounts with authorized financial institutions to hold clients' monies arising from its securities brokerage and margin financing business. The Group has classified the clients' monies as client trust funds under current assets on the consolidated statement of financial position and recognized the corresponding accounts payable to respective clients on the basis that it is liable for any loss or misappropriation of clients' monies. The Group is restricted to use the clients' monies to settle its own obligations.

Client trust funds are interest-bearing at bank deposit savings rate (2019: bank deposit savings rate).

As at the reporting date, details of the Group's client trust funds that are not denominated in the functional currency of the respective subsidiaries are as follows:

	2020 **HK$'000**	2019 HK$'000
United States dollar ("USD")	**4,253**	23,519
Renminbi ("RMB")	**61**	525
New Taiwanese dollar ("NTD")	**78**	3,496

25. PLEDGED BANK DEPOSIT

There were no pledged bank deposits as at 31 March 2020. As at 31 March 2019, the pledged bank deposit carried fixed interest rate at 0.58% per annum and has been pledged to a bank to secure overdraft banking facilities granted to the Group.

26. CASH AND CASH EQUIVALENTS

	2020 **HK$'000**	2019 HK$'000
Cash at bank	**53,268**	112,251
Cash in hand	**40**	121
	53,308	112,372

Cash and cash equivalents comprise short-term bank deposits which carry interest at prevailing market rate. The maturity of bank deposit was within three months.

26. CASH AND CASH EQUIVALENTS *(CONTINUED)*

As at the reporting date, the Group's cash and cash equivalents that are not denominated in the functional currency of the respective subsidiaries are as follows:

	2020 HK$'000	2019 HK$'000
RMB	**2,234**	3,166
NTD	**210**	1,400
USD	**940**	10,292

27. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 20 February 2019, Ever-Long Holdings Limited (the "Grantor"), a wholly owned subsidiary of the Company, entered into an agreement (the "First Agreement") in relation to a grant of call option (the "Call Option") to an independent third party (the "First Purchaser") to acquire 55% of the issued ordinary shares (the "Sale Shares") of Brighten Int'l Holdings Limited ("Brighten Int'l") held by the Grantor at the cash consideration of HK$550,000. Details of the First Agreement are set out in the Company's announcement dated 20 February 2019.

On 27 March 2019, the Group further entered into a conditional sale and purchase agreement (the "Second Agreement") with another independent third party (the "Second Purchaser"). Pursuant to the Second Agreement, the Group would dispose of the Sale Shares to the Second Purchaser at the cash consideration of HK$440,000 upon the lapse of the Call Option. Details of the Second Agreement are set out in the Company's announcement dated 27 March 2019.

Accordingly, the respective assets and liabilities of Brighten Int'l and its subsidiaries (the "Brighten Group") were presented as held for sale in the Group's consolidated statement of financial position as at 31 March 2019.

Brighten Group operated in the financial services and securities trading segments.

27. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(CONTINUED)*

The major classes of assets and liabilities of Brighten Group classified as held for sale as at 31 March 2019 are as follows:

	2019 HK$'000
Property, plant and equipment (note 14)	1,224
Promissory note receivables	128,897
Financial assets at FVTPL	20,860
Financial assets at FVOCI	766
Other receivables, deposits and prepayments	45,200
Cash and cash equivalents	13,357
Assets of disposal group held for sale	210,304
Other payables and accruals	9,381
Loans	11,200
Promissory note payables	201,007
Liabilities of disposal group held for sale	221,588
Net liabilities of disposal group held for sale	11,284

28. DISPOSAL OF SUBSIDIARIES

With reference to note 27, the First Purchaser exercised the Call Option on 29 July 2019 and the First Agreement was completed on 31 July 2019 (the "Completion Date"). Accordingly, the Second Agreement lapsed on 31 July 2019.

The major classes of assets and liabilities of the Brighten Group as at the Completion Date were as follows:

	HK$'000
Net liabilities disposed of:	
Property, plant and equipment	3,831
Promissory note receivables	151,179
Financial assets at FVTPL	18,654
Financial assets at FVOCI	766
Amounts due from fellow subsidiaries	715
Other receivables, deposits and prepayments	40,923
Cash and cash equivalents	5,028
Promissory note payables	(197,389)
Loans	(11,200)
Lease liability	(2,782)
Amounts due to immediate holding company	(632)
Other payables and accruals	(10,376)
	(1,283)
Gain on disposal of subsidiaries:	
Cash consideration received	550
Net liabilities (attributable to the owners of the Company) disposed of	705
	1,255
Analysis of net cash flow on disposal:	
Cash consideration received	550
Cash and cash equivalents disposed of	(5,028)
	(4,478)

29. ACCOUNTS PAYABLE

Accounts payable are in relation to the securities and futures dealing and brokerage services and are repayable on demand. No aging analysis is disclosed as, in the opinion of the directors, an aging analysis does not give additional value in view of the nature of the business of securities and futures dealing and brokerage services.

As at 31 March 2020, accounts payable are interest-bearing at the bank deposit savings rate (2019: bank deposit savings rate) per annum.

As at 31 March 2020, the Group's accounts payable that are not denominated in the functional currency of the respective subsidiaries are as follows:

	2020 HK$'000	2019 HK$'000
USD	**4,499**	32,013
NTD	**1,124**	3,496
RMB	**82**	531

30. PROMISSORY NOTE PAYABLES

The Group has obtained additional working capital by issuing promissory notes. As at 31 March 2020, the promissory notes bore interest at 8% (2019: 5% to 8%) per annum and were repayable within one year.

31. LOANS

	2020 HK$'000	2019 HK$'000
Loans comprise:		
— secured bank loans (note a)	**151,190**	129,428
— other secured loans (note b)	**5,000**	4,800
	156,190	134,228

As at the reporting date, the Group's loans were either repayable within one year or repayable on demand.

31. LOANS (CONTINUED)

Notes:

(a) As at 31 March 2020, two bank loans totaled HK$132,530,000 are interest bearing at 1.9% per annum over Hong Kong Interbank Offered Rate ("HIBOR"), and are secured by:

— an investment property (note 15) of the Group with a carrying value of HK$312,000,000;

— rental proceeds in respect of the investment property; and

— corporate guarantee from the Company.

As at 31 March 2020, the bank loan of HK$5,007,000 is interest bearing at 1% per annum over LIBOR, and is secured by an investment in a life insurance policy (note 23) of the Group with a carrying value of HK$6,323,000;

As at 31 March 2020, the bank loan of HK$13,653,000 (2019: HK$14,441,000) is interest bearing at floating rate of 2.75% per annum below Hong Kong Dollar Best Lending Rate (2019: 2.75% per annum below Hong Kong Dollar Best Lending Rate) as determined by the bank and secured by an investment property (note 15) of the Group with a carrying value of HK$41,000,000 (2019: HK$44,800,000) and the Company's corporate guarantee.

As at 31 March 2019, bank loans of HK$49,650,000 and HK$65,337,000 are interest bearing at 2.875% per annum over HIBOR and 3.05% per annum over HIBOR respectively, and are secured by:

— an investment property (note 15) of the Group with a carrying value of HK$303,000,000;

— shares of Devonia Development Limited, a subsidiary of the Group; and

— corporate guarantee from the Company.

(b) As at 31 March 2020, other secured loans are interest-bearing at 10% per annum (2019: 10% per annum) and secured by sub-charges/sub-mortgages on the first legal charges/mortgages of properties charged/mortgaged to the loan receivables of the Group.

32. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2020 HK$'000
Total minimum lease payments:	
— within one year	5,888
— after one year but within two years	3,256
	9,144
Less: future finance charges	(309)
Present value of lease liabilities	8,835
Present value of lease liabilities:	
— within one year	5,627
— after one year but within two years	3,208
	8,835
Less: Portion due within one year included under current liabilities	(5,627)
Portion due after one year included under non-current liabilities	3,208

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Comparative information as at 31 March 2019 has not been restated. Further details on the impact of the transition to HKFRS 16 are set out in note 3.1.

During the year ended 31 March 2020, the total cash outflows for the leases are HK$6,530,000.

As at 31 March 2020, lease liabilities amounting to HK$8,835,000 (2019: HK$Nil) are effectively secured by the related underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Group.

During the year ended 31 March 2020, the Group had 5 leases for offices with remaining lease term of 1.5 to 2 years. These leases do not contain option to renew the lease and are subjected to monthly fixed rental payment.

33. BOND PAYABLE

The Group employs corporate bonds as one of its sources of financing. On 1 December 2017, a subsidiary of the Company issued a three-year corporate bond of HK$2,000,000 at par with coupon rate of 8% per annum and will be matured on 1 December 2020. The bond is secured by the Company's corporate guarantee.

34. SHARE CAPITAL

	Number of shares		Amount	
	2020	2019	**2020** **HK$'000**	2019 HK$'000
Authorized:				
Ordinary shares of HK$0.01 each	**200,000,000,000**	200,000,000,000	**2,000,000**	2,000,000
Issued and fully paid:				
At 1 April	**5,095,063,649**	4,946,132,082	**50,951**	49,461
Shares issued in respect of warrants (notes (a) & (b))	**774,444,756**	148,931,567	**7,744**	1,490
Shares issued in respect of scrip dividends (note c)	**42,960,419**	–	**430**	–
At 31 March	**5,912,468,824**	5,095,063,649	**59,125**	50,951

34. SHARE CAPITAL (CONTINUED)

Note:

(a) Shares issued in respect of warrants – 2018

On 15 August 2018, the Board proposed an issue of bonus warrants to the shareholders of the Company on the basis of 1 warrant for every 5 shares (the "Bonus Issue of Warrants — 2018"). For details of the Bonus Issue of Warrants — 2018, please refer to the announcement of the Company dated 15 August 2018. On 24 September 2018, the shareholders approved the Bonus Issue of Warrants — 2018, pursuant to which 989,226,416 warrants were issued. The initial subscription price was HK$0.01 per share, and the subscription period was from 6 November 2018 to 5 November 2019 (both days inclusive).

During the period from 6 November 2018 to 31 March 2019, 148,931,567 units of warrants under the Bonus Issue of Warrants — 2018 had been exercised by the holders thereof. As a result, 148,931,567 shares were issued and allotted by the Company to the holders of such warrants. The 148,931,567 shares issued rank pari passu in all respects with the then existing Shares. As at 31 March 2019, 840,294,849 units of warrants remained outstanding.

During the period from 1 April 2019 to 5 November 2019, 742,457,811 units of warrants under the Bonus Issue of Warrants — 2018 had been exercised by the holders thereof. As a result, 742,457,811 shares were issued and allotted by the Company to the holders of such warrants. The 742,457,811 shares issued rank pari passu in all respects with the then existing Shares. As at 5 November 2019, 97,837,038 units of warrants were not yet exercised and had lapsed accordingly.

(b) Shares issued in respect of warrants – 2019

On 29 July 2019, the Board proposed a new issue of bonus warrants to the shareholders of the Company on the basis of 1 warrant for every 5 shares (the "Bonus Issue of Warrants — 2019"). For details of the Bonus Issue of Warrants — 2019, please refer to the announcement of the Company dated 29 July 2019. On 3 September 2019, the shareholders approved the Bonus Issue of Warrants — 2019, pursuant to which 1,176,096,375 warrants were issued. The initial subscription price was HK$0.01 per share, and the subscription period is from 18 November 2019 to 17 November 2020 (both days inclusive).

During the period from 18 November 2019 to 31 March 2020, 31,986,945 units of warrants under the Bonus Issue of Warrants — 2019 had been exercised by the holders thereof. As a result, 31,986,945 shares were issued and allotted by the Company to the holders of such warrants. The 31,986,945 shares issued rank pari passu in all respects with the then existing Shares. As at 31 March 2020, 1,144,109,430 units of warrants remained outstanding.

(c) Shares issued in respect of scrip dividends

On 30 October 2019, the Company issued and allotted 42,960,419 shares at an issue price of HK$0.043 per share in respect of the 2019 final dividend, the 42,960,419 shares issued rank pari passu in all respects with the then existing Shares. As a result, during the year ended 31 March 2020, the Company's share capital and share premium were increased by approximately HK$430,000 and HK$1,418,000 respectively.

35. SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 21 September 2012 and refreshed on 15 September 2017 (the "Share Option Scheme").

On 16 May 2019, the Company granted share options (the "Share Options") to certain employees and a consultant of the Group (the "Grantees") under the Share Option Scheme. The Share Options were vested immediately upon the date of grant and then exercisable within a period of three years. Each option gives the holder the right to subscribe for one ordinary share in the Company.

All share-based compensation will be settled in equity when they are exercised. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares. Payment of HK$1.00 was made by each of the Grantees upon acceptance of the Share Options. The Share Options carry neither rights to dividends nor voting rights.

The movement of the Share Options for the year ended 31 March 2020 are as follows:

	For the year ended 31 March 2020 Number '000
Outstanding at 1 April 2019	–
Granted	455,000
Lapsed	(1,650)
Outstanding at 31 March 2020	453,350
Exercisable at 31 March 2020	453,350

35. SHARE OPTION SCHEME (CONTINUED)

The fair value of Share Options was determined using the Binomial Options Pricing Model that takes into account factors specific to the share incentive plans. The following principal assumptions were used in the valuation:

	For the year ended 31 March 2020
Share price at date of grant	**HK$0.083**
Expected volatility	**53%–68%**
Expected option life	**0.9–3 years**
Dividend yield	**1.7%**
Risk-free interest rate	**1.65%–1.8%**
Exercise price at date of grant	**HK$0.083**

The underlying expected volatility was determined by reference to historical data, calculated based on expected life of Share Options. Expectations of early exercise were incorporated into the Binomial Options Pricing Model. No special features pertinent to the options granted were incorporated into measurement of fair value.

In total, HK$11,300,000 of share-based payment expenses has been recognized in consolidated statement of profit or loss for the year ended 31 March 2020 and the corresponding amount of which has been credited to share option reserve. No liabilities were recognized for the share-based payment transaction.

36. RESERVES

(a) Special capital reserve

Special capital reserve represents the amounts transferred from the Company's share capital upon adjustments of the nominal value of the Company's share in prior years. Under the Companies Act 1981 of Bermuda (the "Act"), the special capital reserve is distributable to shareholders under certain circumstances.

(b) Contributed surplus

The contributed surplus represents the difference between the fair value of the subsidiaries acquired pursuant to the Group reorganisation in November 1991 and the nominal value of the shares issued by the Company and the transfer from share premium account in December 2000, less the transfer to the capital redemption reserve in November 2000, and the shares repurchased in April 2013. Under the Act, the Company's contributed surplus is distributable to shareholders under certain circumstances, and the dividend paid was recognized as distribution.

37. OPERATING LEASE COMMITMENTS

The Group as lessee

At the reporting date, the lease commitments for a short-term lease of premises (as at 31 March 2019: total future minimum lease payments payable by the Group under non-cancellable operating leases) are as follows:

	2020 HK$'000	2019 HK$'000
Within one year	126	7,990
In the second to fifth years, inclusive	–	10,356
	126	18,346

As at 31 March 2019, the Group leases a number of premises which are offices under operating leases. The leases run for an initial period of one to three years, with an option to renew and renegotiate the lease terms at the expiry dates or at dates as mutually agreed between the Group and respective landlords.

38. RETIREMENT BENEFITS SCHEMES

The Group has arranged for its Hong Kong employees to join the MPF Scheme, a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, both the Group and its Hong Kong employees are required to make monthly contributions to the scheme at 5% of the employees' salaries and subject to a cap which may be revised from time to time.

Under the Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment for certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

During the year ended 31 March 2020, the aggregate amount of the Group's contributions to the defined contribution scheme was approximately HK$1,422,000 (2019: HK$1,553,000).

39. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2020, the Group had the following related party transactions or continuing related party transactions, certain of which fall under the definition of connected transactions or continuing connected transactions in Chapter 14A of the Listing Rules, but are exempted from the reporting, announcement, shareholders' approval and annual review requirements under the Listing Rules.

(a) Compensation to directors and key management personnel of the Group:

	2020 HK$'000	2019 HK$'000
Short-term benefits	**4,464**	3,808
Post-employment benefits	**83**	81
	4,547	3,889

The emoluments of directors and key executives were determined by the Remuneration Committee having regard to the performance of individual and market trends.

(b) Material transactions with its related parties:

	2020 HK$'000	2019 HK$'000
Fee income received from Mr. Woo Peter Ping ("Mr. Woo") (note (i))	**–**	5
Consultancy fee paid to Mr. Ng Yiu Chuen ("Mr. Ng") (note (ii))	**120**	360
Fees paid to Mr. Ng (note (ii))	**137**	–
Fees paid to Mr. Woo (note (i))	**100**	–
Interest paid to Mr. Cheung Chi Shing (note (iii))	**252**	650
Interest paid to Elfie Limited (note (iv))	**87**	120
Interest paid to Ms. Cheung Lok Chi (note (iv))	**27**	80
Interest paid to Ms. Ng Kai Ning ("Ms. Ng") (note (v))	**162**	176
Interest paid to Ms. Inez Lee ("Ms. Lee") (note (vi))	**117**	937
Interest paid to Ms. Cheng Chui Shan Phyllis ("Ms. Cheng") (note (vii))	**178**	114
Interest paid to Fintech Pte Limited ("Fintech") (note (viii))	**–**	842
Interest paid to Mr. So Han Meng ("Mr. So") (note (viii))	**–**	82
Interest paid to Hatton Investments Limited (note (ix))	**–**	52
Interest income received from Mr. Lau Bing Lam ("Mr. Lau") (note (x))	**28**	31
Interest income received from Ms. Mak Kit Ping (note (xi))	**22**	–

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Material transactions with its related parties: *(Continued)*

Notes:

(i) Mr. Woo was a substantial shareholder of a non-wholly owned subsidiary of and a director of certain subsidiaries of the Brighten Group, which was disposed on 31 July 2019.

(ii) Mr. Ng is an executive Director of the Company.

(iii) Mr. Cheung Chi Shing is the father of Mr. Cheung Hoo Win, the executive Director and Chief Executive Officer of the Company.

(iv) Elfie Limited is beneficially owned by Mr. Cheung Chi Shing and Ms. Yeung Han Yi Yvonne. The directors of Elfie Limited are Mr. Cheung Hoo Win, Ms. Cheung Lok Chi ("Ms. Cheung") and Mr. Cheung Hoo Yin. Ms. Cheung and Mr. Cheung Hoo Yin are also the children of Mr. Cheung Chi Shing and Ms. Yeung Han Yi Yvonne.

(v) Ms. Ng is the daughter of Mr. Ng.

(vi) Ms. Lee is the wife of Mr. Woo.

(vii) Ms. Cheng is the wife of Mr. Ng.

(viii) Mr. So and Mr. Woo were beneficial owners of Fintech at the time of disposal of Brighten Group. Mr. So was a substantial shareholder of a non-wholly owned subsidiary of and a director of a subsidiary of the Brighten Group, which was disposed on 31 July 2019.

(ix) Hatton Investments Limited was beneficially owned by Mr. Woo at the time of disposal of the Brighten Group.

(x) Mr. Lau is the father-in-law of Mr. Tang Kwan Chung, who is a director of certain subsidiaries of the Group.

(xi) Ms. Mak Kit Ping is the executive Director of the Company.

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) As at the reporting date, the Group had the following material balances with its related parties:

	2020 HK$'000	2019 HK$'000
Accounts receivable: (note (i))		
Amount due from Mr. Cheung Hoo Win	**389**	–
Amount due from Mr. Lau	**269**	672
Amount due from Ms. Lee	**–**	715
Accounts payable (note (ii)):		
Amount due to Mr. Cheung Chi Shing	**1,964**	3,172
Amount due to Mr. Cheung Hoo Win	**2,593**	2,671
Amount due to Ms. Cheung	**1,179**	1,422
Amount due to Mr. Cheung Hoo Yin	**133**	185
Amount due to K.Y. Limited (note (iii))	**277**	7
Amount due to Ms. Yeung Han Yi Yvonne	**521**	332
Amount due to Ms. Mak Yin Fun (note (iv))	**1**	52
Promissory note receivables:		
Amount due from Fast LP (notes (v) and (vi))	**–**	2,900
Promissory note payables (note (vii)):		
Amount due to Mr. Cheung Chi Shing (note (viii))	**–**	26,500
Amount due to Elfie Limited (note (ix))	**–**	28,900
Amount due to Ms. Cheung (note (x))	**–**	1,600
Amount due to Ms. Ng	**2,020**	2,020
Amount due to Ms. Cheng	**–**	4,820
Amount due to Ms. Lee	**–**	10,000
Staff loan (note (xi)):		
Amount due from Ms. Mak Kit Ping	**730**	–
Staff loan interest receivable (note (xii)):		
Amount due from Ms. Mak Kit Ping	**22**	–

39. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) As at the reporting date, the Group had the following material balances with its related parties: *(Continued)*

Notes:

(i) The amount is secured by the relevant listed shares held by the clients and kept by the Group, and interest bearing at 3% plus prime rate per annum.

(ii) The amount is unsecured, interest bearing at the bank deposit saving rate per annum and repayable on clients' demand.

(iii) Mr. Cheung Chi Shing and Ms. Yeung Han Yi Yvonne are the directors of K.Y. Limited.

(iv) Ms. Mak Yin Fun is the mother of Ms. Mak Kit Ping.

(v) The promissory note was issued by Fast Limited for and on behalf of Fast LP. Fast Limited was a company controlled by Mr. So and Mr. Woo at the time of disposal of Brighten Group on 31 July 2019. The interest rate for the promissory note was at 36% per annum and repayable on demand.

(vi) As at 31 March 2019, the amount was included in the assets of disposal group classified as held for sale (note 27).

(vii) The interest rates for the promissory note payables are at 8% (2019: 5% to 8%) per annum and repayable within one year.

(viii) Out of the amount as at 31 March 2019, HK$13,000,000 was included in the liabilities of disposal group classified as held for sale (note 27).

(ix) Out of the amount as at 31 March 2019, HK$2,400,000 was included in the liabilities of disposal group classified as held for sale (note 27).

(x) As at 31 March 2019, the amount was included in the liabilities of disposal group classified as held for sale (note 27).

(xi) The amount is unsecured, interest bearing at 4.6% per annum and repayable within one year.

(xii) The amount is the interest receivable in relation to the staff loan stated in note (c)(xi) above.

40. PRINCIPAL SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets and liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of subsidiaries	Place of incorporation/ Operations	Particulars of issued and paid up capital	Proportion of ownership interest 2020	Proportion of ownership interest 2019	Principal activities
Direct subsidiary					
Styland Enterprises Limited	Hong Kong	2 shares	**100**	100	Provision of management services
Indirect subsidiaries					
Devonia Development Limited	Hong Kong	1,000 shares	**100**	100	Property investment
Ever-Long Asset Management Limited	Hong Kong	10,000,000 shares	**100**	100	Securities trading
Ever-Long Capital Limited	British Virgin Islands ("BVI")/Hong Kong	4,000,000 shares of US$1 each	**100**	100	Provision of financing services
Ever-Long Capital Management Limited	Hong Kong	1,000,000 shares	**100**	100	Provision of asset management services
Ever-Long Finance Limited	Hong Kong	22,500,000 shares	**100**	100	Provision of financing services
Ever-Long Futures Limited	Hong Kong	12,000,000 shares	**100**	100	Provision of futures brokerage services
Ever-Long Securities Company Limited	Hong Kong	165,000,000 shares (2019: 160,000,000 shares)	**100**	100	Securities brokerage and provision of financing services
Hoowin Limited	Hong Kong	10,000 shares	**100**	100	Property investment
Long River Investments Holdings Limited	BVI/Hong Kong	200 shares of US$1 each	**100**	100	Securities trading
Styland (International) Limited	Hong Kong	100,000 shares	**100**	100	Securities trading
Talent Full Investment Limited	Hong Kong	1 share	**100**	100	Provision of management services
Brighten Management Limited	Hong Kong	1,000,000 shares	**N/A***	55	Strategic investment

* The subsidiary was disposed on 31 July 2019.

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2020 HK$'000	2019 HK$'000
ASSETS AND LIABILITIES			
Non-current asset			
Investments in subsidiaries	40	**–**	–
Current assets			
Other receivables		**545**	551
Amounts due from subsidiaries	41(a)	**503,863**	504,051
Cash and cash equivalents		**2,546**	4,663
		506,954	509,265
Current liabilities			
Other payables and accruals		**401**	389
Amounts due to subsidiaries	41(a)	**29,815**	29,815
		30,216	30,204
Net current assets		**476,738**	479,061
Net assets		**476,738**	479,061
EQUITY			
Share capital	34	**59,125**	50,951
Reserves	41(b)	**417,613**	428,110
Total equity		**476,738**	479,061

Approved and authorized for issue by the board of directors on 24 June 2020.

Ng Yiu Chuen
Executive Director

Mak Kit Ping
Executive Director

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

Notes:

(a) Amounts due from/to subsidiaries

The amounts due from/to subsidiaries were unsecured, interest bearing at prime rate and repayable on demand.

(b) Reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Special capital reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2018	187,245	7,480	571,147	548,576	–	(881,654)	432,794
Profit for the year and total comprehensive income for the year	–	–	–	–	–	1,251	1,251
Dividend recognized as distribution	–	–	–	(5,935)	–	–	(5,935)
Total transactions with owners	–	–	–	(5,935)	–	–	(5,935)
At 31 March 2019 and 1 April 2019	187,245	7,480	571,147	542,641	–	(880,403)	428,110
Loss for the year and total comprehensive expense for the year	–	–	–	–	–	(16,506)	(16,506)
Dividend recognized as distribution	–	–	–	(6,709)	–	–	(6,709)
Issue of scrip shares	1,418	–	–	–	–	–	1,418
Recognition of equity-settled share-based payment (note 35)	–	–	–	–	11,300	–	11,300
Lapse of share options	–	–	–	–	(41)	41	–
Total transactions with owners	1,418	–	–	(6,709)	11,259	41	6,009
At 31 March 2020	188,663	7,480	571,147	535,932	11,259	(896,868)	417,613

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be reconcile as follows:

	Bond payable HK$'000	Promissory note payables HK$'000	Loans HK$'000	Lease liabilities HK'000	Total HK$'000
1 April 2018	2,000	140,810	145,242	–	288,052
Cash flows:					
— Proceeds	–	214,753	57,205	–	271,958
— Repayments	–	(90,716)	(57,019)	–	(147,735)
Non-cash changes:					
— Transfer to disposal group held for sale (note 27)	–	(201,007)	(11,200)	–	(212,207)
31 March 2019	2,000	63,840	134,228	–	200,068
Impact on initial application of HKFRS 16 (note 3.1)	–	–	–	16,607	16,607
1 April 2019 (adjusted)	**2,000**	**63,840**	**134,228**	**16,607**	**216,675**
Cash flows:					
— Proceeds	**–**	**–**	**45,851**	**–**	**45,851**
— Repayments	**–**	**(47,820)**	**(23,889)**	**–**	**(71,709)**
— Capital element of lease liabilities	**–**	**–**	**–**	**(5,953)**	**(5,953)**
— Interest element of lease liabilities	**–**	**–**	**–**	**(543)**	**(543)**
Non-cash changes:					
— Entering into new leases	**–**	**–**	**–**	**963**	**963**
— Interest expenses	**–**	**–**	**–**	**543**	**543**
— Early termination of lease	**–**	**–**	**–**	**(2,782)**	**(2,782)**
31 March 2020	**2,000**	**16,020**	**156,190**	**8,835**	**183,045**

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and its investment activities. The risks associated with these financial instruments include market risks (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

43.1 Categories of financial instruments

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	2020 HK$'000	2019 HK$'000
Financial assets		
Financial assets at amortised cost/Loans and receivables:		
— loan receivables	**197,194**	223,372
— accounts receivable	**13,964**	30,457
— promissory note receivables	**250**	18,600
— other receivables and deposits	**9,518**	14,468
— client trust funds	**56,854**	90,781
— pledged bank deposit	**–**	5,000
— cash and cash equivalents	**53,308**	112,372
	331,088	495,050
Financial assets at FVOCI		
— Unlisted equity securities	**–**	–
Financial assets at FVTPL		
— Listed equity securities	**32,596**	27,721
— Investment in a life insurance policy	**6,323**	–
	38,919	27,721
	370,007	522,771

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

43.1 Categories of financial instruments *(Continued)*

	2020 **HK$'000**	2019 HK$'000
Financial liabilities		
Other financial liabilities at amortised cost		
— accounts payable	**60,584**	106,438
— other payables and accruals	**10,048**	12,513
— bond payable	**2,000**	2,000
— promissory note payables	**16,020**	63,840
— Loans	**156,190**	134,228
— lease liabilities	**8,835**	–
	253,677	319,019

43.2 Market risk

(i) Currency risk

The Group's business activities and its assets and liabilities were mainly denominated in HK$, RMB, NTD and USD. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

USD is not the functional currency of the Group. However, given that HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rates. In the opinion of directors of the Company, the foreign currency sensitivity does not give additional value in view of insignificant movement in the USD/HK$ exchange rates and insignificant exposure of other foreign currencies in relation to client trust funds, pledged bank deposits, accounts payable and cash and cash equivalents at the end of the reporting period, except for RMB. Accordingly, the foreign currency sensitivity disclosed includes the analysis for RMB only.

	Sensitivity rate	**Increase/ Decrease in profit or loss** HK$'000	**Increase/ Decrease in equity** HK$'000
2020			
RMB	**5%**	**150**	**150**
2019			
RMB	5%	132	132

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

43.2 Market risk *(Continued)*

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to loan receivables, accounts receivable, client trust funds, cash and cash equivalents, certain accounts payable and secured bank loans which bears variable interest rates. The interest rate risk is managed by the directors of the Company on an ongoing basis with the primary objective of limiting extent to which interest expense could be affected by adverse movement in interest rates.

The sensitivity analysis below has been determined based on the exposure to interest rates for accounts receivable, loan receivables, client trust funds, cash and cash equivalents, certain accounts payable and secured bank loans at the end of reporting period. The analysis is prepared assuming financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2020 would increase/decrease by HK$178,000 (2019: HK$1,348,000).

(iii) Other price risk

Other price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group is exposed to equity price risk arising from individual equity investment classified as FVTPL as at 31 March 2020. The Group's listed investments are valued at quoted market prices at the reporting date. In addition, the Group monitors the price risk exposure and will consider hedging the risk exposure should the need arise.

The sensitivity analysis below have been determined based on the Group's exposure to equity price risks at the reporting date.

If the price of the respective listed equity securities classified as FVTPL had been 5% higher/lower, the post-tax profit for the year ended 31 March 2020 would increase/decrease by approximately HK$1,625,000 (2019: HK$1,157,000) for the Group, as a result of the changes in fair value of financial assets classified as FVTPL.

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

43.3 Credit risk

The Group's exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its accounts receivable, contract assets, loan receivables and promissory note receivables and other financial assets as summarised in note 43.1 which are measured at amortised cost.

Accounts receivable, contract assets and loan receivables

In order to minimise the credit risk, the management had delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action such as margin calls to customers was taken to recover overdue balances.

In respect of loans or credit limits granted to customers of the financial services business, the limit will be determined based on the assessment on financial status, repayment records and the liquidity and the fair value of collaterals pledged to the Group and the interest rate was determined thereon.

At 31 March 2020, the Group has concentration of credit risks of 17% (2019: 35%) and 47% (2019: 55%) of the total accounts receivable were due from the Group's largest accounts receivable and the five largest accounts receivable respectively. The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 100% of the total accounts receivable as at 31 March 2020 and 2019.

The Group assesses ECL under HKFRS 9 on accounts receivable, contract assets and loan receivables based on probability-weighted loss default approach by reviewing the recoverable amount of each individual receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. At each reporting date, the probability of default, loss given default and discount factor are updated and analysed. Each customers' probability of default are estimated based on their current conditions and take into accounts of forward-looking information, as appropriate. If forecast economic conditions are expected to deteriorate in the future year (i.e. increase in debt margin as result of expectation of rise in defaults), it lead to an increase in number of default and the probability of default will be adjusted. The loss given default was based on the percentage of contractual claims that would be lost if the counter-party defaults and reduced by the expected recoverable amount from the collateral after adjusting the estimated costs of obtaining and selling the collateral. The ECL allowance was measured based on the ECL assessment result.

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

43.3 Credit risk *(Continued)*

Client trust funds, pledged bank deposits and cash and cash equivalents

The credit risks on client trust funds, pledged bank deposits and cash and cash equivalents is limited because the counterparties are reputable banks.

Other financial assets at amortised cost

Other financial assets at amortised cost include promissory note receivables, other receivables and deposits. In order to minimise the credit risk of promissory note receivables and other receivables and deposits, the management would make periodic collective and individual assessment on the recoverability of these receivables based on historical settlement records and past experience as well as current external information. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of promissory note receivables and other receivables and deposits are considered to be low. The Group's management is of opinion that there is no significant increase in credit risk on these financial assets since initial recognition as the risk of default is low after considering the factors as set out in note 2.7 and thus, ECL recognized is based on 12-month ECL and is insignificant.

43.4 Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate banking facilities from major financial institutions to meet its liquidity requirements in the short and long term.

Liquidity tables

In respect of the Group's securities dealing and brokerage services business, it is subject to various statutory liquidity requirements under the Securities and Futures Ordinance. The Group has put in place monitoring system to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the relevant Financial Resources Rules.

The following table details the Group's contractual maturity of its financial liabilities as at 31 March 2020 and 2019. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay.

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

43.4 Liquidity risk *(Continued)*

Liquidity tables *(Continued)*

As at 31 March 2020	Interest rate	On demand/ within one year HK$'000	One year to two years HK$'000	Over two years but within 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Accounts payable		60,584	–	–	60,584	60,584
Other payables and accruals		10,048	–	–	10,048	10,048
Bond payable	8%	2,000	–	–	2,000	2,000
Lease liabilities	3.8%–4.3%	5,888	3,256	–	9,144	8,835
Promissory note payables	8%	16,020	–	–	16,020	16,020
Loans*	2.5%–10%	156,190	–	–	156,190	156,190
		250,730	3,256	–	253,986	253,677

As at 31 March 2019	Interest rate	On demand/ within one year HK$'000	One year to two years HK$'000	Over two years but within 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Accounts payable		106,438	–	–	106,438	106,438
Other payables and accruals		12,513	–	–	12,513	12,513
Bond payable	8%	–	2,000	–	2,000	2,000
Promissory note payables	5%–8%	63,840	–	–	63,840	63,840
Loans*	2.5%–10%	134,228	–	–	134,228	134,228
		317,019	2,000	–	319,019	319,019

* The loan agreements contain a repayment on-demand clause giving the lenders unconditional right to call in the loans at any time.

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

43.5 Fair value measurements

Fair value measurements recognized in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurements. 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 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 March 2020				
Financial assets				
Financial assets at FVTPL				
— Listed equity securities	**32,596**	**–**	**–**	**32,596**
— Investment in a life insurance policy	**–**	**6,323**	**–**	**6,323**
Financial assets at FVOCI				
— An unlisted equity security	**–**	**–**	**–**	**–**
	32,596	**6,323**	**–**	**38,919**
As at 31 March 2019				
Financial assets				
Financial assets at FVTPL	27,721	–	–	27,721
Financial assets at FVOCI				
— An unlisted equity security	–	–	–	–
	27,721	–	–	27,721

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

43.5 Fair value measurements *(Continued)*

Fair value measurements recognized in the consolidated statement of financial position *(Continued)*

During the years ended 31 March 2020 and 2019, there were no transfers between Level 1, Level 2 and Level 3.

The fair value of the investment in a life insurance policy is determined by reference to the Cash Value at reporting date as provided by the insurance company.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values due to short-term or immediate maturities. For loan receivables with over one year of maturity, the Company consider that there is no significant change to their discount rate and its carrying amounts are approximate the fair values.

44. CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries which engage in securities dealing and brokerage service, corporate finance and advisory service that are the regulated entities under the Hong Kong Securities and Futures Ordinance and are subject to the respective minimum capital requirements. During the years ended 31 March 2020 and 2019, the subsidiaries complied with respective minimum capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 2019.

The capital structure of the Group consists of debts which included loans, bond payable, lease liabilities, and promissory notes, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital as disclosed in note 34 and reserves.

44. CAPITAL RISK MANAGEMENT (CONTINUED)

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors of the Company consider the cost of capital and risks associated with each class of capital and will balance its overall capital structure through the raise of borrowings, payment of dividends and issue of share options and new shares. There is no change in the capital risk management policy adopted by the Company during the years ended 31 March 2020 and 2019. The Group monitors its capital structure on the basis of the net debt to equity ratio. The net debt to equity ratio at the reporting date was:

	2020 HK$'000	2019 HK$'000
Loans	**156,190**	134,228
Bond payable	**2,000**	2,000
Lease liabilities	**8,835**	–
Promissory notes payables	**16,020**	63,840
Less: Cash and cash equivalents	**(53,308)**	(112,372)
Net debt	**129,737**	87,696
Equity attributable to owners of the Company	**499,234**	551,712
Net debt to equity ratio	**26.0%**	15.9%

45. COMPARATIVE FIGURES

Certain items in the consolidated financial statements have been reclassified which would result in a more appropriate presentation of events or transactions. Accordingly, the comparative figures have been reclassified to conform with the current year's presentation.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and reclassified and restated as appropriate, is set out below:

RESULTS

	Year ended 31 March				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**207,293**	234,787	248,614	236,638	198,177
(Loss)/Profit before taxation	**(64,021)**	(6,435)	(17,348)	1,084	(5,763)
Income tax expense	**(16)**	–	–	–	–
(Loss)/Profit before non-controlling interests	**(64,037)**	(6,435)	(17,348)	1,084	(5,763)
Non-controlling interests	**(2,624)**	6,618	(8,204)	4,614	7,010
(Loss)/Profit attributable to the owners of the Company	**(66,661)**	183	(25,552)	5,698	1,247

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000 Restated	HK$'000	HK$'000
Total assets	**755,119**	1,091,144	1,039,416	1,048,973	804,170
Total liabilities	**(255,885)**	(542,634)	(446,274)	(450,090)	(245,422)
Non-controlling interests	**–**	3,202	2,890	11,174	6,560
	499,234	551,712	596,032	610,057	565,308

DETAILS OF INVESTMENT PROPERTIES

Property	Lot no./location	Category of lease	Use
House 4, Customs Pass No. 18 Fei Ngo Shan Road Sai Kung, New Territories Hong Kong	31 In D.D. 228	Medium term	Redevelopment
House A (including the External Walls and Carport on the G/F thereof) Ocean View Lodge Lot No. 524 in D.D. 238 Sai Kung, New Territories Hong Kong	24/200 undivided shares of/and in the Lot No. 524 in D.D. 238	Medium term	Investment

Where the English and the Chinese texts conflict, the English text prevails.
中英文版本內容如有歧異，概以英文版本作準。

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